

Jerusalem talks start late after Israeli compromise on agenda

After an anxious weekend, when the Sadat peace initiative seemed on the point of collapse, Israeli and Egyptian negotiators will sit down in Jerusalem tomorrow, a day late, to tackle the political complexities of the Middle East dispute. An agenda apparently amended more to Cairo's liking emerged after the sudden Washington announcement that Mr Vance, the Secretary of State, had cancelled his departure for Jerusalem. He is now expected there this afternoon.

Mr Vance delays his arrival

From David Warrs in Cairo and Michael Knafe in Jerusalem, Jan 15

The Middle East peace initiative was back on course tonight after it appeared the whole delicate structure was about to collapse.

Because of a lengthy dispute over the agenda, there were doubts as to whether the Egyptians would send a delegation to the political negotiations due to begin in Jerusalem tomorrow.

But after a day and night of diplomatic contacts, the Egyptians changed their minds and their negotiating team arrived in Jerusalem tonight, though the talks will not get under way until Tuesday because of the last-minute delay.

To add to the confusion Mr Cyrus Vance, the United States Secretary of State, suddenly delayed his departure from Washington. He is now expected in Jerusalem tomorrow afternoon.

Egypt had proposed that the agenda include an item discussing "self-determination" for the Palestinians. This formulation was unacceptable to the Israelis. The other two items are understood to concern the nature of peace and the declaration of principles which will cover the broader perspectives of a peace agreement.

With the fate of the negotiations apparently in the balance, the Israeli Cabinet met for three hours this morning. Afterwards, Mr Begin, the Prime Minister, said an agenda had been accepted and its contents sent to Mr Sammel Lewis, the United States Ambassador.

Later, Mr Lewis was quoted as saying he had transmitted "a very reasonable proposal" to Egypt by way of the American Ambassador in Cairo, Mr Herman Eilis.

The proposed Israeli amendment to the agenda was taken to President Sadat at his residence by the Nile but Egyptian officials declined to reveal details.

President Sadat then cancelled a planned meeting with the delegation due to go to Jerusalem and convened a meeting of the National Security Council, the highest body in the country, which has not met since the decision on Mr Sadat's visit to Jerusalem was taken.

Three hours of debate followed on whether Egypt should take Mr Vance's lead and stay away from the talks, thus virtually killing off the present initiative.

General Ezer Weizman, the Israel Defence Minister, and leader of the Israeli delegation to the military committee discussions which recessed here on Thursday, had indicated that he would not be returning for further talks on the military front until the political committee had met.

After the meeting, Mr Muhammad Kamel, the Egyptian Foreign Minister, said Egypt's reluctance to attend the meeting had sprung from the announcement of Mr Vance's non-attendance and the problem over the agenda. "We are now going because we intend to continue the peace process till the end. We think we should not lose any opportunity or time."

The political committee meetings in Jerusalem are aimed at agreeing on a set of peace principles. Mr Sadat has been said to be anxious to reach a "middle view" of the chances of success for the conference during the last week.

In an interview with the magazine *October*, he said he thought there was "absolutely no hope" of a declaration of principles being agreed upon.

The board bargaining over the agenda is an indication of how fraught with difficulties the negotiations will be. Both governments appear to have con-



Past and present figures from American political life stand behind the military guard at the memorial service for Hubert Humphrey in Washington yesterday: Mr Nixon, Mr Ford, Mrs Carter, Mr Nelson Rockefeller, Mr Carter, Mrs Rockefeller and Mrs Humphrey.

US farewell to Hubert Humphrey

From David Cross Washington, Jan 15

Mr Hubert Humphrey, the former Vice-President, who died on Friday night, was the "most beloved of all Americans", President Carter said today as the Washington establishment bade farewell to one of the most powerful and popular figures in recent American political life.

At critical times in our history, the United States has been blessed by great people

who just by being themselves give us a vision of what we are at our best and of what we might become. Hubert Humphrey was such a man," the President said.

Mr Carter, who was seated in front of former Presidents Ford and Nixon, was speaking during a solemn and moving memorial service in the grounds of the Capitol building here.

Throughout the hour-long service, the first of its kind since a similar tribute was paid to the late President Johnson in 1973, Mr Carter held the hand of Mrs Muriel Humphrey, who had shared her husband's political life for more than 30 years.

In his eulogy, Mr Carter recalled that Mr Humphrey's goal had been to become president of the United States. "But he

was a big man and without bitterness, he gave his support to the new President," he added in a reference to the late Vice-President's defeat by Mr Nixon in 1968.

He had been a source of inspiration and conscience to all, particularly to all American leaders since President Truman, Mr Carter said. "When he first visited me in the Oval Office I felt he should have served there."

In addition to the only two living former Presidents, the service was attended by Mrs Lady Bird Johnson, whose husband Mr Humphrey served as Vice-President from 1964 to 1968.

Mr Nixon was making his first appearance in the American capital since he resigned the

presidency. He flew in late yesterday, accompanied by an aide, and refused to answer questions put to him by a large group of reporters who accompanied him on the commercial flight and awaited his arrival at the airport here.

Mr Humphrey died peacefully at his home at Waverly, Minnesota, late on Friday night surrounded by his wife and their four children. Although his death from terminal pelvic cancer was inevitable, the end came more quickly than expected.

At the beginning of last week he had told friends confidently that he would return to Washington this week to attend a new session of Congress.

When news of his death reached the President, Mr

Carver arranged for the presidential aircraft to fly to Minnesota to bring the body to Washington for the lying in state.

At Andrews air force base, on the outskirts of the city, Mr Walter Mondale, the Vice-President and Mr Humphrey's political protégé, led the escort of honour yesterday morning as the coffin, draped with the Star and Stripes, was carried across the tarmac to a 19-gun salute.

Mr Mondale then accompanied Mrs Humphrey and the coffin to the Capitol, where it was placed on a black velvet catafalque, originally made for President Lincoln, under the building's rotunda.

Throughout the day and all

Continued on page 5, col 3

Mr Varley to tell Commons that he was not asked for BSC figures

By Michael Hatfield Political Reporter

Mr Varley, Secretary of State for Industry, plans to make a statement in the Commons today in which he will reject suggestions that he was involved in a cover-up over British Steel Corporation losses or that he deliberately withheld information from the Commons.

It comes after the disclosure that ministers were alerted by the board of BSC last April to an expected loss of £330m in its financial year ending March 1978, and that three months later the corporation advised the Government that the loss could be £466m. Those figures were never given to the Select Committee on the Nationalized Industries.

Although he will resist demands that he should disclose the confidential letters between himself and Sir Charles Villiers, the British Steel chairman, Mr Varley will argue that he would have been prepared to give the figures to the select committee if he had been asked, but he never was.

The select committee is to meet tomorrow to decide what further action it should take in response to growing demands that the correspondence should be disclosed.

Mr Russell Kerr, chairman of the select committee, said

last night that he hoped that in view of the weekend disclosures Mr Foot, the Leader of the House, would feel that a new and disturbing aspect of the matter had been opened up which warranted wholehearted cooperation and investigation.

In other words, Mr Kerr would like to see Mr Foot and his ministerial colleagues drop their resistance to the disclosure of the confidential letters. Ministers believe that those Labour backbenchers who are campaigning for disclosure are falling into a Tory trap.

They say that not only would it be against precedent, but the revelation last summer that British Steel faced such losses, which needed for arbitrary closure of steel mills, could have caused a strike in the industry, with a subsequent further denting of Labour morale, which was already desperately low at the time.

Mr Varley, it was learnt last night, will meet the Labour select group tomorrow night to explain the reasoning behind the Government's thinking on the industry.

The Speaker, Mr Thomas, is to rule in the Commons today whether Mr Varley is in contempt of the House for refusing to supply the papers.

Sir Charles Villiers says in a letter to *The Times* today that the suggestion that BSC

deliberately avoided revealing the true situation is "completely unsubstantiated by the evidence given to the committee on May 25, 1977, and published by them."

Peter Hill writes: MPs noted yesterday that on its own admission the corporation had been losing money since November, 1976. Sir Charles said at the end of last week that he regarded the loss forecasts as being unacceptable because a number of the estimates were wrong.

He said that in the July 28 forecast there had been a large contingency element, and depreciation arrangements had to be put into the projection. There were also possibilities for achieving savings on scrap, iron ore and other purchases and the possibility of price increases.

But members of the select committee, who have been able to draw on expert technical advice in their investigation into the BSC over 18 months, consider that even if price increases had been possible, such increases, together with the other factors, would not have enabled the corporation to make much more than a marginal impact on the loss projections considered at the board meeting on July 28.

Italian Premier may be asked to stay

From Our Own Correspondent Rome, Jan 15

Signor Giulio Andreotti, the Italian Prime Minister, today prepared to disband one government and then to form another.

After a briefing his Cabinet tomorrow morning he will go to the Quirinale Palace to submit his resignation to President Leone. Later in the week the President is likely to ask him to try his hand at putting together his fourth administration.

The present Government, the country's thirty-ninth since the fall of fascism, has been an unacceptably long time in dying, though it was doomed from the moment that the Communists followed by the Republicans in demanding an emergency coalition to replace Signor Andreotti's minority Christian Democratic Administration.

The one gain achieved by this shuffling is that the atmosphere is today less charged and threatening. The Communists seem to be over their first angry reaction to the refusal of the Christian Democrats to consider their inclusion in the Cabinet.

Neither of the main parties is allowing the American warning against increased Communist influence to upset the real terms of the difficult negotiation to come. The American intervention annoyed both parties,

which it was probably intended to do, and has brought some critical press comment.

It is regarded as indicative that the Republicans, who first called for the Government's downfall, are now less imperative in their demands. Senator Giovanni Spadolini said yesterday after calling on the Prime Minister that his party was as much for an emergency programme as for an emergency government.

The Republicans are, however, publicly opposed to Signor Andreotti himself, and this could be a complication in the first stage at least of the talks.

The calming of tempers does not detract from the view that the forthcoming weeks will be difficult in any event and possibly decisive for Italy's democratic future. More than party labels are at stake.

If Signor Andreotti fails to work out a formula acceptable to both his party and the left, an early election seems inevitable.

A quick poll would probably suit the Christian Democrats, who are quietly confident of increasing the 33 per cent of the vote they won in June, 1976.

The Communists have little appetite for an election, even though they, too, could expect to raise their vote.

More protests, page 5
At the crossroads, page 12

Tories plan to reduce rate of immigration

By Our Political Reporter

Conservative proposals on immigration are to be presented by Mr William Whitelaw, spokesman on home affairs, to his Shadow Cabinet colleagues in the next few weeks.

Preparatory work, under a group headed by Mr Keith Speed, a junior home affairs spokesman, is now complete but has not yet been seen and endorsed by Mr Whitelaw.

The draft report renews the Conservative pledge to reverse significantly the rising trend in immigration. The new proposals include re-examining the rules relating to dependent immigrants and students overstaying their time.

There is no question, however, of the Conservatives changing their support of the right of United Kingdom passport holders in East Africa to come to Britain, provided that the Government's estimate of 30,000 Asians involved is not widely inaccurate.

Mr Speed said yesterday that the official Conservative commitment last year was to work towards an end of immigration. A select committee on race relations was due to report shortly, and its conclusions were likely to force all parties to clarify their ideas on immigration.

"Immigrants themselves have already expressed concern to us about the level of immigration into Britain," he said. "A number of immigrants still coming in is making the job of race relations that much more difficult, in jobs in inner cities and in housing."

The Conservative pledge to work towards an end to immigration could not be fulfilled overnight, but "we must reverse the rising trend and then in a decent, humane and sensitive way carry out the policy over a number of years."

"Vote-catching" charge: Immigrant leaders yesterday attacked the Conservative proposals (the Press Association reports). Mr Pratul Patel, secretary of the Committee of United Kingdom Citizens, said it seemed that the Tories were "jumping on the National Front bandwagon. If the Tories pursue this policy, I think the next election will be fought purely on racial lines."

Mr Tariq Asim Khan, general secretary of the National Organisation of African, Asian and Caribbean Peoples, described the plan as a "very dangerous vote-catching drive." He thought it likely that his organization would call for a royal commission to investigate immigration.

Young Liberals urge party to end the pact

The Young Liberals, meeting in Sheffield yesterday, reversed their previous policy and called for the party's pact with Labour to be ended.

Mr Patrick Coleman, their chairman, expressed "disappointment that in 10 months of the pact nothing concrete or radical has been achieved."

The Young Liberals support Mr Steel's leadership but not his strategy and refuse to be held to ransom by threats of resignation," he added.

Scottish support, page 4

Blackout threat over power workers' pay

By Christopher Thomas Labour Reporter

The Electricity Council has just over a fortnight in which to devise a pay offer to Britain's 96,000 power workers to avert the danger of widespread blackouts starting in February or March.

The prospects are not good. The four unions involved have made it clear that an offer within the 10 per cent guidelines is unacceptable, and in response the Electricity Council emphasized that it would not breach the limit.

The main danger of trouble comes from the six Yorkshire power stations of Drax, Ferrybridge and Eggborough, which were at the centre of unofficial action that caused widespread blackouts in November.

If the employers stick rigidly to the guidelines, their offer will be put to the power workers either by a national ballot or a delegate conference. Official industrial action might follow if it was rejected.

The Electricity Council has promised a detailed and specific offer to the manual unions on February 2, and from that point the danger of unofficial action is high. The only chance of avoiding a damaging recurrence of trouble is through a productivity deal, which union leaders believe would have to be at least as good as the present one.

Technical and engineering grades are also restive. They are due for an early deal, and their union, the Electrical Power Engineers' Association

(EPEA), wants increases that take account of differentials for skill and responsibility.

The EPEA, part of the newly formed Engineers and Managers Association, negotiates for engineers, scientists and managers.

Mr John Lyons, general secretary, said the threat of a strike by industrial unions about March was "real but not inevitable."

He added that a head-on clash appeared unavoidable. The Government must recognize that it could not bulldoze everybody all the time. "There is no way that this or any government can either counter an all-out strike in the electricity supply industry or live with it for more than a few hours."

The manual unions have presented a seven-point claim to

operate from mid-March. Mr Jack Biggin, secretary of the unions' negotiating committee, said last night that the "magnificent contribution" to productivity by power workers over the past nine years had not been properly rewarded. Manpower had been reduced by 50,000, and manning levels were so tight that not much more profit could be squeezed out of them.

He added: "Mineworkers are getting £23 for productivity. Our productivity is certainly as good as theirs, and we want a slice of the cake, perhaps a much bigger slice. We subscribed to the run-down in manning and we want much more money for the improved productivity we have achieved."

Letters, page 13
Research cutbacks, page 17

Bitterness as firemen go back to work

Reconciliation between firemen who took part in the nine-week strike and those who did not, began as the strikers prepared to return today. A senior union official said: "The potential for friction is frightening."

Merseyside firemen are to get an interest-free loan of £150 to tide them over until their first salary since the strike began arrives next month.

Page 2

Muzorewa attack on Dr Owen

Bishop Abel Muzorewa has accused Dr Owen, the Foreign Secretary, of trying to wreck Rhodesia's internal settlement talks and revive the Anglo-American peace plans to improve his own election chances. Dr Owen wanted to "sacrifice 200 Zimbabweans a week" to keep his parliamentary seat.

Page 5

Larger share of EEC fish for UK

British fishermen will be offered a substantial increase in their share of the EEC catch under proposals which the European Commission is expected to submit today. The British share is expected to be about 900,000 tonnes.

Page 2

Academics favour £2,000m tax cuts

Tax cuts of about £2,000m have been called for by a panel of academic economists meeting senior Bank of England officials. The officials must now consider the implication of such a move on the exchange rate and growth target.

Page 15

Cypriot sides meet

The leaders of the divided Greek and Turkish Cypriots met in Nicosia, brought together by Dr Waldheim, the United Nations Secretary General. Despite Dr Waldheim's optimism, the atmosphere was said to have been cold.

Page 5

Prices 'terror'

Mrs Oppenheim, Tory spokesman on prices and consumer affairs, accused the Price Commission of operating a reign of terror.

Page 4

Pollution talks fail

Delegates to the conference in Monaco on pollution of the Mediterranean have broken up without agreement. The stumbling block was the difficulty of defining land sources of pollution, with the underlying worry at the high cost, particularly for poorer countries.

Page 4

Andretti triumphs

Marjo Andretti, of the United States, driving a Lotus, won the Argentine Grand Prix, the first event in the world championship. Lauda (Brabham) was second, Depallier (Elf Tyrrell) third and Hunt (McLaren) of Britain, fourth.

Page 6

Brearey's left arm broken

Michael Brearey, England's Test captain, suffered a broken left arm after being hit by a rising ball from Sikander Bakht in a one-day match against Sind Cricket Association at Karachi. Last night he was flying home. His place on tour will be taken by Clive Radley.

Page 7



THE DISASTER ENDURES - THE SURVIVORS SIT AND WAIT.

So reported Jonathan Dimbleby on L.T.V. last Thursday. Oxfam's Disaster Team working in the area have already spent £112,500. They now require your help to support employment, agricultural and rebuilding schemes.

Thousands of families need homes: Oxfam is teaching them how to rebuild their houses more safely with local materials. A house costs around £50. Miles of irrigation canals need to be cleared: Oxfam is funding this work so that the fields can grow new crops.

Our team of experts on the spot urgently need more money for reconstruction work: please help now. The survivors, many of whom are left with nothing, wait for your help. Your gift is desperately needed now.

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HOME NEWS

Scottish Liberals back pact but Welsh party wants it to end before next general election

From Ronald Faux
Glasgow

Mr Steel, the Liberal leader, will face next Saturday's Liberal assembly at Blackpool armed with a massive vote of confidence from the Scottish Liberals for himself, his pact, and his strategy.

It had been widely expected that an attempt to bring the autonomous Scottish party into the pact with the Government would fail. That it failed massively by 210 votes to 12 at the special conference in Glasgow on Saturday provided the emphatic stamp of approval which the party executive had sought.

The vote was for an executive resolution to continue the agreement until the Parliamentary Liberal Party determined it was no longer essential to economic recovery. The amendment, which was defeated, argued that the necessary stability for economic recovery had been achieved, and therefore the agreement no longer served a useful purpose for the country or the party and should be ended.

Mr Donald Gorrie, former

administrative secretary of the party, made it clear that the amendment was not an attack on the leaders of the Scottish or other British parties, or on the original idea of the pact. But if there was to be a pact, he said, the Government must pay a price for it. By his reckoning there had been nothing out of it for the Liberal Party, and it was unlikely to win more concessions from the Government.

Mr Russell Johnston, MP for Inverness and leader of the Scottish Liberal Party, said that the fundamental question was whether the Liberal Party, having freely entered into an agreement to provide for economic recovery, should now break that agreement because it had not got what it had not demanded, a proportional representation system for Europe.

"In my judgment, if we follow such a course we not only show ourselves to be unreliable allies, we consciously reveal a real chance to see develop the very need of cooperation and partnership in politics we ourselves advocated so long."

Mr Menzies Campbell, chairman of the policy committee, said the pact's immediate

effect had been to give stability to a political system which, under the influence of inflation and the extravagant right-wing proposals of Mrs Thatcher, showed signs of coming apart at the seams.

Mr Steel did not take part in the debate, but after the vote he received a standing ovation. "I only wish those members of the party executive in England I met last night who were busy telling me how the party was disintegrating had been here today," he said.

Welsh voters: Welsh Liberals have decided that the pact should end in time to allow the party to pursue an entirely independent political line in time for the next general election, (Tom Jones writes).

But the Welsh Liberal Party Council meeting in Llanidloes on Saturday gave full authority to Mr Steel to end the arrangement at the time of his choosing.

The only resolution before the meeting said the pact should be ended by the parliamentary party at its discretion, but emphasized that the party machine must have time to campaign to prevent the polarization of voters to either Labour or Conservative.

Welsh people, the resolution stated, would acknowledge and endorse Liberal achievements when they compared the performance of the Labour Party when it was under the influence of its own extremism with its performance under Liberal influence.

"It is convinced that the right strategy for the Liberal Party is to aim at holding the balance of power again in the next Parliament with a view of enabling Liberal influence to be exercised over any government, whether Labour or Conservative."

The present agreement, delegates decided, is justified only until progress towards financial and economic stability for the country is assured.

At a meeting in Aberystwyth the National Council of Ffild Cymru reaffirmed its conviction that the Welsh devotion to the committee stage in the Commons to secure equality with Scotland. It also called on the Government to include Wales in any full self-government for Wales in the referendum on the Welsh assembly.

Government told social service plan 'not tenable'

By David Nicholson-Lord

Serious questioning of progress made on the Government's social service strategy is contained in a memorandum published today by the officers of the Personal Social Services Council.

Commenting on the discussion document, *The Way Forward*, published last year, they say that unless extra finance is provided the move towards community care and the continuation of priority groups such as the elderly, families at risk and the mentally ill and handicapped will not take place.

Without additional resources, the Government's broad strategy is on longer tenable, the memorandum says, and the officers add that local authorities should be given interim guidance on national priorities until finance can be released from the general and acute hospital sector.

The officers of the council, which was established in 1973 to provide independent advice on social services policy, reject the Government's contention in *The Way Forward* that, despite public expenditure cuts, the long-term strategy remains unaltered.

They say that increases in spending on general and acute hospitals seem likely, that unit costs, particularly in residential care, are rising and that further cuts in the social services and community health capital programme have taken place since the 1976 consultative document, on which *The Way Forward* was based.

Their memorandum proposes a number of measures to progress with plans, including a change statement that would allow detailed, quantitative comparisons for both levels of service and expenditure.

Although they sympathize with the Government's desire not to target local targets, they say that that has made the pattern of national priorities almost impossible to discern. A national advertising campaign to increase the acceptance of social services has been called for by the Child Poverty Action Group in the light of figures suggesting that parents of 630,000 children may not be claiming their entitlement.

The group has suggested to Mr Williams, Secretary of State for Education and Science, that her department should write to every family in Britain explaining the free meals entitlement.

WEST EUROPE

Mediterranean countries unable to reach agreement on how pollution should be curbed

From Ian Murray
Paris, Jan 15

The task of reaching an agreement on stopping pollution in the Mediterranean has proved too great for the inter-governmental conference of 17 of the 18 countries with a coastline on the sea.

The conference ended in Monaco yesterday with nothing signed despite the optimism in which it was opened. The delegates had arrived at the previous weekend. The stumbling block proved to be reaching agreement on a protocol covering all forms of pollution which might be caused by ships.

The difficulties of dealing with the immediate problems of pollution, for it will cost something in the region of £2,500m to clean up the Mediterranean.

With the need to raise this sort of money paramount in their minds, the poorer countries were very keen to see

procedures laid down which would more clearly identify the sources of pollution. For this reason the conference has agreed to split up the different causes for separate study.

The draft proposals drawn up by experts from the different countries under the auspices of the United Nations Environment Programme meeting in Venice last October have been found to be too ambitious. Instead of one agreement to cover all land-originated pollution there will now probably have to be several and each one will take time.

It is, nevertheless, hoped that the first one can be agreed on the most important cause of pollution—industrial waste or sewage being pumped straight into the sea or into rivers emptying into the sea. Agreement on that may be reached before the end of the year.

Scientific study on pollution poured into the atmosphere from the chimneys of industry will probably delay an agreement which will be more difficult and complicated to reach. Research into pollution reaches the sea by submarine water courses or seapumping platforms is also likely to take time.

The difficulties so far have found the necessary money. With so many different countries involved, each with its own legal system and industrial infrastructure, the problem of finding an agreement which is common to all is immense.

Nevertheless the good will there, as is shown by the fact that the delegates were able to discuss the matter together at all, even though in several cases their countries have very poor relations on most other matters.

'Police state attitude' over control of prices

By Our Political Reporter

The Price Commission was accused yesterday of running a reign of terror over all the characteristics of an East European police state by Mrs Sally Oppenheim, Opposition spokesman on prices and consumer affairs.

In a ferocious attack on the commission's investigations, Mrs Oppenheim declared: "Is it any wonder that companies are terrified to invoke the Price Commission mafia, with their star-chamber powers? A Price Commission monopoly which is heavily loaded with left-wing activists."

She told a meeting in Gloucester that the activities of the commission must be viewed with great concern, for it had established what she termed a reign of terror. Among other things, it was having the effect of significantly distorting the rate of increase in prices. That was not the same thing as a genuine reduction in the rate of inflation.

Mrs Oppenheim said the commission had bullied companies into withdrawing or modifying increases, to the extent that some of them were prepared to work at a loss rather than notify price rises. The more threat of a Price Commission inquisition was enough to send shivers down the spines of most companies.

She said the commission's actions since its inception had more than justified the fears expressed by the Tories when the legislation was going through Parliament. British industry now realized that the commission's wide-ranging powers posed a serious threat.

Companies were forced to suffer disruption by having "inexperienced and meddling" investigators searching through their books and demanding information companies should not be asked to give. She said the tactics used by the commission in its investigations, and said that at worst those investigations could bring companies to the verge of bankruptcy.

"Inflation has not been prevented, it has merely been delayed for a period which no doubt coincides with this Government's electoral interests." As a result the country could expect a burst of delayed price increases in the second half of the year.

Mrs Oppenheim gave a warning that competition in industry was being put at risk by an aura of distrust being built up between industry and government during the Prime Minister's reign, and she urged Mr Hattersley, Secretary of State for Prices and Consumer Affairs, to look at ways of curtailing the commission's powers "before too much irreparable damage has been done."

Duke sued

A writ has been issued by a British court in London against the Duke of St Albans, aged 62, of Chesham, Cheshire, alleging non-payment of £182,000 in surtax, capital gains tax and interest on 1971-75 assessments.

Mr Henry Plumb, president of the National Farmers' Union, stated at a breakfast in his office near Hyde Park Corner, London, and commented Mr Silkin, Minister of Agriculture, Fisheries and Food, "Yes, I do think he has failed," he said.

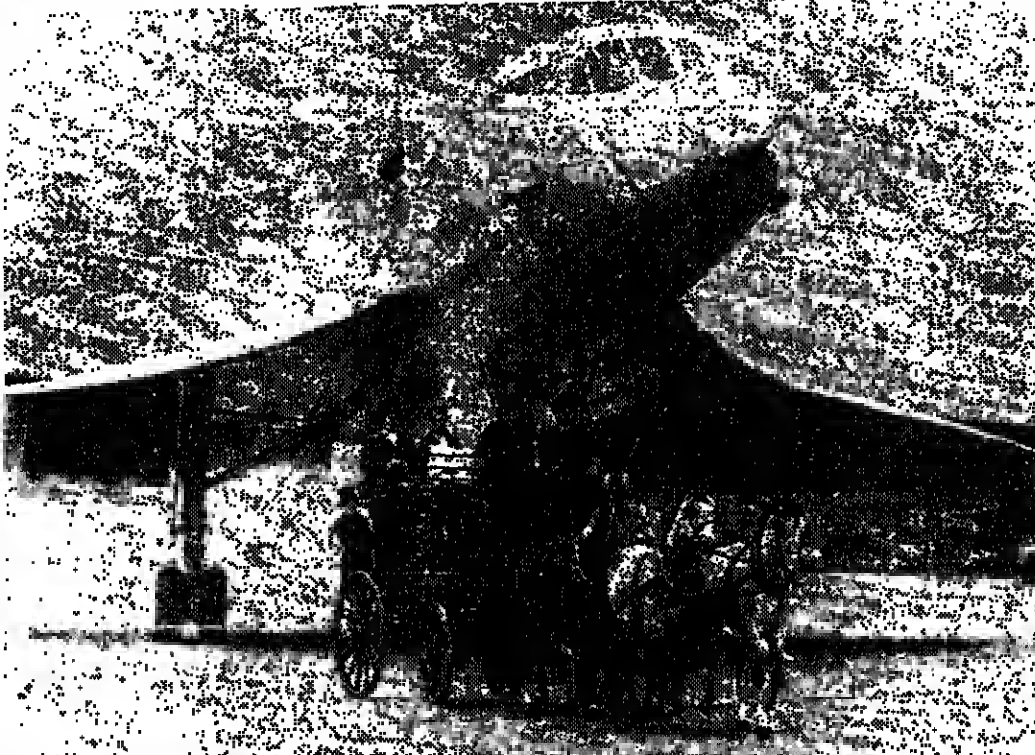
He echoed a leading member of the agricultural hierarchy who had been the first to speak after Mr Silkin addressed the Farmers' Club on Wednesday. "I have heard almost as if they had rehearsed their coo to tell the minister that he was disastrous and dangerous."

Another said that farmers detested Mr Silkin who realised that he certainly did not hate them.

"I can warn to a man like that," Mr Silkin said, although he felt the animosity towards the minister, he said Mr Silkin had shown by passing up opportunities to strengthen British agriculture that he did not understand it.

Wrote all, he had failed to protect British farmers against growing incursions from cut-price supplies to other EEC countries.

In the last three months of last year imports of bacon weighed in total over a quarter more than



Concorde: Ready to start the world's first supersonic air mail service this week between London and New York, Concorde looms over a stagecoach which was once the latest thing in postal services to East Anglia. Now the airliner will carry Datapost to the United States.

Power bills cause most worry

By Robin Young
Consumer Affairs Correspondent

Prices, particularly those of food and electricity, are consumers' main concern, according to a public opinion poll commissioned by the Consumers' Association, the publishers of *Which?* magazine.

Of those asked, 81 per cent reckoned that food prices, and prices in general, caused them personal concern. Electricity prices were singled out as an "immediate problem" by 71 per cent.

No other consumer issue mentioned in the survey was reckoned to be a "real problem" by as many as half the respondents, answers ranging from 45 per cent concerned about quality of footwear to 11 per cent concerned about difficulty by shops closing on Sundays.

The survey findings support those in polls the Consumers' Association has carried out among its members since April last year. Food prices and prices in general have consistently come top of the "problems" list.

Goldman, director of the Consumers' Association, suggested that the knowledge that food prices are "still the shoppers' biggest headache" might make MPs think twice about the 5 per cent devaluation of the "pound" to be proposed by Mr Silkin, Minister of Agriculture, Fisheries and Food, on Thursday.

"No Government," Mr Goldman said, "can afford to put prices in second place and in the eyes of the public can afford to bow to pressures from sectional interests that would raise prices unnecessarily. They should remember that the voter is also the consumer."

Easier abortion urged on Labour

By Annabel Ferriman

Abortion on demand in the first 12 weeks of pregnancy should be included in the Labour Party's manifesto for the next election, Miss Josephine Richardson, Labour MP for Barking, told a London conference on Saturday.

A resolution committing the party to a comprehensive abortion programme and a woman's right to decide on abortion was passed by such an overwhelming majority at last year's Labour Party conference that it had to be considered for inclusion in the manifesto, she said.

Miss Richardson was speaking at a conference organized by Doctors for a Woman's Choice on Abortion, a group of doctors who believe that every woman should have the right to choose whether to have an abortion without the consent of two doctors.

The organization, set up just over a year ago, has 450 members.

Miss Richardson said there was no guarantee that the next Labour government would introduce legislation along the lines of the conference resolution, but if it did not, it was likely that a private member's Bill would be introduced by the early 1980s.

At present it would be difficult to persuade any MP to introduce a more liberal Bill because the campaign by the anti-abortionists to introduce two more restrictive Bills had taken its toll. "Many members have become nervous, and many will shy away from the principle of a woman's right to choose."

Meanwhile it might be possible for some new, simpler methods of abortion, such as vacuum aspiration in the first eight weeks, to be used more widely without the law being changed.

Dr Malcolm Potts, a director of Population Services International, and former medical director of the International Parenthood Federation, said he would like to see a greater proportion of abortions performed by that method in the first 12 weeks, and particularly in the first eight weeks.

Statistics from the United States for 1972-74 on nearly two million abortions gave a decision-to-case ratio of 8.4 per 1,000 for operations performed at less than eight weeks.

Under the present system in Britain, however, a woman could not reach a hospital rapidly enough for the vacuum aspiration method to be used, as she had to go by way of her general practitioner. Dr Potts thought family planning clinics and selected general practitioners' surgeries would be the best places for the method.

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Council to fight ruling on school fees

From Our Correspondent
Peterborough

Cambridgeshire County Council is to oppose a ruling from Mrs Williams, Secretary of State for Education and Science, who has told it to scrap its scheme to help to finance private school fees for promising pupils.

The education committee has approved Mr Norman St John-Saunders' Conservative spokesman on education, to raise the matter in the Commons. It is also planning to test the legality of the decision in the High Court.

Mr St John-Saunders is planning, one in Ilford to coincide with the by-election in Redbridge, Ilford, North, and the other on St George's Day, somewhere in the north of England.

Our members into trade union office.

The Front has been particularly active in recent months trying to recruit young people. In November it started Young National Front.

On Thursday it will launch two pamphlets, telling pupils how to "detect a red teacher," and how attempts to brainwash pupils into Marxist thought should be countered.

Mr Tyndall said that the Front was planning "a monster rally" in London, either in the summer or in early autumn, and that two other marches are being planned, one in Ilford to coincide with the by-election in Redbridge, Ilford, North, and the other on St George's Day, somewhere in the north of England.

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Bombs start fire in dance hall

Barcelona, Jan 15.—Unknown

attackers today buried two fire bombs into one of Barcelona's biggest dance halls.

One person died in the fire and two others were missing, the Spanish news agency reported.—UPI.

Two West Germans jailed as spies in East Berlin

From Our Correspondent
Berlin, Jan 15

Herr Karl Bartels, a West German, has been sentenced to 21 years' imprisonment and his seven-year-old wife, Anna, to seven years' imprisonment after being found guilty of espionage by the East German Military Court. The East German news agency ADN announced yesterday.

It said the case proved again the unscrupulous practice of the West German Intelligence agency spies under the guise of harmless visitors and tourists to East Germany to spy on military matters.

Two days earlier, the same court sentenced a West Berlin woman, Dora Dörmer, to seven years' imprisonment and a half years' imprisonment for espionage. Among other recent cases was that of Herr Horst Jahn, aged 39, who was given a life term.

The sentence, East G-Germany, when made, allegations against West German correspondents in East Berlin to

Ski resort avalanche kills three but six are saved

Val d'Isère, France, Jan 15.—

An avalanche of newly fallen snow swept down a mountainside and flung parked cars and pedestrians against the wall of a block of flats just outside this ski resort in Savoy late yesterday.

Three people were killed and four were in hospital after being dug out of the snow by about 200 rescue workers using dogs, police said. Two other people were recovered alive and five empty cars found.

About 50 ft of snow had fallen in the region in the preceding 48 hours and police banned the service road to pedestrians because it is overhung by an outcrop of rock.

In Chamonix, nearby, traffic through the Mont Blanc tunnel was returning to normal.

Our Geneva Correspondent writes: The avalanche hit the service road between Val d'Isère (7,500ft) and the village of La Daille on the route leading down to Bourg St Maurice. Avalanche protection work has been in progress on this road since last autumn.

Seven cancelled. As northern Spain experienced the heaviest snowfalls in 27 years, the extreme right-wing Fuerzas Nuevas (New Forces) party cancelled a rally planned in Pamplona.

The committee of state secretaries responsible for the intelligence services, chaired by the Chancellor, Helmut Schmidt, established after careful investigation of all evidence available to the committee, that there is no indication of the participation of federal agencies in the illegal telephone monitoring section, a statement from the government information office said.

The committee asked those involved, Herr Strauss and Herr Schmalz, to do all in their power to help the Government clear up the matter.—AP.

Science report

Behaviour: Chimpanzees as individuals

The popular picture of chimpanzees as dumb brutes should gain further credence from the results of a continuing study of our closest living relatives in the wild. Dr Jane Goodall, who has now spent 18 years studying chimpanzees in Tanzania, has found that they behave very much as individuals and apparently pass family traditions from mother to offspring, just as in human families. She has also found that chimpanzees can be as violent as humans, setting upon each other with murderous results.

Before Dr Goodall began work at the Gombe Stream Reserve in 1960, knowledge of chimpanzee behaviour came chiefly from studies of animals in captivity. Her records are providing the first long-term view of social behaviour and individual development. Her enthusiasm for studying animals in the wild was originally encouraged by the late Dr L. S. B. Leakey, who, although known chiefly for his contributions to the study of fossil man, had a great interest in primate behaviour. He believed that it was worth studying the behaviour of early man and his ancestors and about the evolution of human behaviour as we experience it today.

Dr Goodall recalled that early encouragement when she came to the rain and cold of London last week to give the first Leakey

Memorial Lecture at the British Museum (Natural History). It was arranged by the Leakey Foundation, which was set up in 1958 to raise money and sponsor the study of man and the primates with special reference to man's origins. It recently established a European branch to complement the original organization based in California.

Dr Goodall and her team, including local experts trained at Gombe, have found that all the chimpanzees living in a community can be named, and all have their own habits and personalities, sometimes varying considerably. For example, one mother, called Flo by the observers, has shown great affection and concern for her offspring during the long period of childhood; a chimpanzee is not mature until it is about fourteen years old.

The same pattern of behaviour has emerged in her daughter, Fifi, who developed a protective relationship with her younger brother, and closely supervised many of Flo's manners. Such care for siblings is not common among chimpanzees, according to Dr Goodall, and she believes that Fifi was learning from a family tradition learnt from Flo.

Another mother, Passion, was quite different, as she abruptly and not particularly affectionately with her offspring. Passion

revealed a violent streak when she was seen seizing a newborn infant, biting its head and then sharing the carcass with her family. Her daughter has behaved in the same way, and Dr Goodall has seen the two of them pursuing an infant with menacing intent.

Violence of a different sort began in 1970 when groups of males from one community began periodic attacks on individuals of a neighbouring community. The attacks have resulted in several fatal deaths.

Dr Goodall does not know why such behaviour should have emerged among animals that previously seemed to go no further than blustering encounters in which none of them really got hurt. She is even more puzzled by the attempts of several of the attacking males to rescue the victim during one violent episode.

The unravelling of such puzzles will doubtless occupy Dr Goodall for a long time. She first expected to study wild chimpanzees for about three years, but Dr Leakey told her it would be at least 10. Now, she says, she expects to continue that work for the rest of her life.

By Nature-Times News Service.

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WEST EUROPE

Nationalists cause wave of bomb attacks in France

From Our Own Correspondent
Paris, Jan 15

Coranic and Breton nationalists appear to have been responsible for most of a number of terrorist attacks and bombings in France over the weekend. The most serious, and the most embarrassing from the authorities' point of view, was a raid on the biggest Air Force base in Corsica at "Soleiras".

In Brittany a military base was attacked at Quimper and there were three other bombings. Four small bombs also exploded in Paris.

The raid on the air base at Soleiras occurred early yesterday. It is used by both the French and Belgian Air Forces and is the largest base outside the mainland. It is used for training pilots with live ammunition on air-to-air and air-to-ground targets and has a permanent complement of 1,500 men.

Ten armed and masked men entered the base and took control of the camp and its guard. Then they put explosive charges under the radar mast and two technical buildings. Having herded the guard away from the danger area they detonated the charges. The one who was said to have failed to escape on a small plane was killed. Responsibility for the raid was later claimed by the "Front de libération breton" (FLB), a Breton nationalist group. The group is in a state of tension with the local offices of two newspapers. This said they would continue to "carry out

the struggle against the army of occupation and the colonialism which it supports".

The FLB said on December 18 that it was planning to attack an important target before the general election in March.

The Breton nationalists had been even more precise, with an announcement by the "National Council of Brittany" on December 3 that there would be a series of attacks on January 15.

Two army lorries and a warehouse were bombed at Quimper; an office at Lorient run by a former president of the Breton chamber of commerce was attacked; and so on. There was an electricity and gas company office at Redon. Another bomb was defused after it was found in the tax office at Plouzané.

The attacks at Redon and Plouzané were both claimed this evening to have been the work of "Breton Revolutionary Army" by an anonymous source to the Agence France Presse office in Rennes.

Breton nationalists began bomb attacks in their efforts to obtain independence almost exactly 10 years ago on January 15, 1968. Last year nationalists were responsible for 34 attacks.

The four bomb attacks in Paris last night were all relatively minor involving little damage and no injuries. Two offices, a cafe and a florist's in different areas were the targets. No one has yet claimed responsibility for them.

Gaullist candidates to challenge ministers

From Our Own Correspondent
Paris, Jan 15

President Giscard d'Estaing holds a luncheon party at the Elysée Palace tomorrow to which are invited the 80 political leaders who have supported the majority coalition. It threatens to be an uncomfortable occasion. The Gaullist base present will be M. Jacques Chirac, whose Gaullist party last week decided to throw out the election pact between most of the coalition parties.

The invitations to luncheon are the first of five. The supposedly united majority front was brought into the open. The President's aim has been nothing more than to bring together the party leaders and impress on them the dignity and national unity which they should display throughout the election campaign.

That this is now little more than a pious hope was emphasized on Friday evening when all the majority parties except of course for the Gaullists, published a list of 360 candidates agreed between them to stand in the first round of the elections. These "candidates of union" will find themselves faced in nearly every case by a Gaullist candidate as well as at least a Socialist and Communist as well.

The Gaullists have started the process of finding candidates to stand in the 50 or so constituencies where they had previously agreed to stand down. They have also announced that they will be putting up candidates against several government ministers.

The "candidates of union" include 220 Republicans and 93 Centreists, the remainder coming from the Radical Party, whose refusal to sign a majority manifesto was one of the reasons for the Gaullists pulling out of the election pact.

More protests against US warning on Italian crisis

Our Foreign Staff
As Signor Andreotti, the Italian Prime Minister, yesterday prepared to hand in his resignation, politicians in several countries condemned the intervention of the American State Department last week when it issued a warning against communist participation in West European governments.

M. Barre, the French Prime Minister, said the American statement had not been particularly adroit. No democratic country had to receive lessons from anyone.

M. Maurice Couve de Murville, one of his predecessors, said he could not understand why the Americans could intervene in so direct and "unilateral a fashion". He added: "What is more, I cannot see any good it does."

In Moscow, Pravda accused the United States of trying to exert "direct pressure on the use of events" in Italy.

Senor Santiago Carrillo, the Spanish Communist leader, said the American warning had been the main target of the superpower. It had coincided with a fresh Kremlin blast against Eurocommunism.

Mr Harold Wilson took a



Signor Andreotti speaking to reporters after meeting party leaders.

ope denounces racism as

Against faith
ne, Jan 15

The Pope said yesterday in New Year's address to the domestic clergy that all racist theories were contrary to the faith and Christian love.

He added that the Roman Catholic Church followed the rights of discussions with "anyone, particularly those who are in the minority, in order to achieve equality and the right to social and psychological dignity."

ins go to polls after dull election campaign

Our Correspondent
sinki, Jan 15

oting began today in Finland's two-day presidential elections. The clear favourite was Urho Kekkonen, aged 77, has been President and country's dominating figure since 1956. The result will be known late tomorrow.

oters will choose 300 who will meet on Feb. 15 to decide who will be the six-year term ending on March 1. The situation gives the President wide powers and makes

Likely expulsion of Mr Agee brings protest

Amsterdam, Jan 15

The Dutch journalists' union has made a formal protest to the Government against the likely expulsion from the Netherlands of Mr Philip Agee, the author and former CIA agent.

Reliable sources indicate that the secret recommendation to the Minister of Justice by the advisory commission on aliens' affairs is that Mr Agee should not be granted a permit to stay in the Netherlands.

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OVERSEAS

Muzorewa attack on Dr Owen's motives

From Nicholas Ashford
Salisbury, Jan 15

Bishop Abel Muzorewa, leader of the United African National Council, one of the black organizations negotiating with Mr Ian Smith, made a scathing attack this weekend on British policy towards Rhodesia and in particular on Dr Owen, the Foreign Secretary.

He accused Dr Owen of trying to resuscitate the "cold and dead" Anglo-American proposals by sending Lord Carrivick, the resident commissioner-designate, for talks in Mozambique, Botswana and South Africa a week ago. He "deplored with contempt" what he described as Dr Owen's attempts to stop the democratic process which was taking place in Salisbury.

These activities, he said, were more deplorable because they were being made for the sole purpose of improving Dr Owen's chances in the future British election. "He wants to sacrifice 200 Zimbabweans a week to win a seat in the British Parliament."

Questionable though Bishop Muzorewa's criticism of Dr Owen's motives may be, his strictures against British Government policy are nevertheless widely shared by both blacks and whites in Rhodesia. Why, it is being asked, is Britain not prepared to wait and see what sort of settlement (if any) is reached as a result of the Salisbury talks rather than rule out of hand any deal which does not include the Patriotic Front guerrilla organization?

The talks between Mr Smith and three black leaders—Bishop Muzorewa, the Rev. Jeremiah Sibhohle and Chief Jeremiah Chimpen—are due to resume tomorrow. He has agreed last week that 28 per cent of the seats of a future Parliament would be held by whites, the leaders have now to work out on what basis the white MPs would be elected and for what period would they be able to operate a "blocking mechanism" in Parliament.

After that comes the highly sensitive issue of the security forces. Observers here believe that the present rate of progress the talks could go on for weeks.

Breaking a prolonged silence, Bishop Muzorewa said he was prepared to accept a reasonable number of whites in parliament in order to preserve the economic viability of the country and protect sources of food and jobs.

Lusaka: The Patriotic Front will continue to fight "as relentlessly as ever" even if a black government results from the internal settlement talks. Mr Joshua Nkomo's Zimbabwe African People's Union (Zapu) said in its official organ, the Zimbabwe People's Voice.

The three internal leaders "must be crushed ruthlessly and immediately together with the Rhodesian bloodthirsty racists"—Reuters.



Dr Waldheim with President Kyprianou (left) and Mr Denktas at United Nations headquarters in Nicosia.

Atmosphere strained as Cypriot leaders meet

From Our Correspondent
Nicosia, Jan 15

Leaders of the rival Greek and Turkish Cypriot communities were brought together in a first meeting today by Dr Kurt Waldheim, the United Nations Secretary-General. However, there was no breakthrough towards Dr Waldheim's objective of getting the intercommunal peace talks started again.

There was a good chance for resumption of the talks, Dr Waldheim said, but this would depend on preparatory work over the next few weeks.

He arrived on the island on Saturday after talks with Mr Bulent Ecevit, the new Turkish Prime Minister, in Ankara the previous weekend. He is to consult the Greek Government after leaving Cyprus tomorrow.

Hopes of a breakthrough rose after Dr Waldheim said upon arriving that he was

"cautiously optimistic" about talks resuming because of firm assurances from Mr Ecevit that he would submit concrete proposals for negotiation.

The talks collapsed in deadlock last April after the Turkish side refused to submit any proposals. The Greek Cypriot side has since maintained that it will refuse to resume unless the other side makes concrete and negotiable proposals.

Dr Waldheim talked separately with President Spyros Kyprianou and Mr Rauf Denktas, the Turkish Cypriot leader. He persuaded them both to attend an unscheduled social luncheon today with their wives and Mrs Waldheim.

This was the first meeting between the two leaders since Mr Kyprianou succeeded the late Archbishop Makarios, who died last August. According to one guest the luncheon was rather cold and businesslike.

with no move by the two leaders to break the ice.

Afterwards, Dr Waldheim again met both leaders separately and later said that they had discussed "questions of procedure for the resumption of the negotiating process."

He added: "As you can well imagine, a new round of talks will have to be prepared very carefully. We want to be sure these talks will be meaningful and help us progress in the right direction."

Another indication of the strained relations between the two Cypriot sides was an admission by Mr Kyprianou that it had proved impossible to agree on setting up a committee composed of representatives of the International Red Cross and the Greek and Turkish Cypriot communities to investigate the fate of 2,000 Greek Cypriots and about 1,000 Turkish Cypriots who are missing.

Despite Dr Waldheim's "cautious optimism", it appeared that the two sides were still as far apart as ever on basic issues.

A delegation representing the 200,000 Greek Cypriot refugees called on Dr Waldheim during his stay to insist on the implementation of the United Nations resolution calling for them to be allowed to return to their homes in the Turkish-occupied area established by the Turkish invasion of 1974.

Mr Waldheim said that Mr Ecevit had promised to make territorial proposals for the future federal state that is already accepted as part of a settlement by Greek Cypriots. But he did not know the details: Mr Ecevit, he said, told him he would announce his proposals after he receives a vote of confidence in the Turkish Parliament this week.

Murdered lecturer is buried

From Our Correspondent
Johannesburg, Jan 15

Dr Richard Turner, the famous Natal University lecturer murdered a week ago, was buried in Durban this weekend according to Islamic rites.

His mother, Mrs Jane Turner, said at a memorial service that her son and his killer were both victims of an unjust society.

Among the 900 people in the hall was Dr Fadhima Meer, the famous Indian sociologist. The order was lifted to enable her to attend.

A group of Dr Turner's academic colleagues and friends plan to engage a private detective from abroad to investigate his murder. A spokesman said they had decided to organize an independent inquiry because of attempts to smear Dr Turner and the failure of the police to find and prosecute right-wing terrorists.

Pretoria may settle Namibia issue itself

From Our Correspondent
Johannesburg, Jan 15

An internal settlement may be sought in South-West Africa (Namibia) if Western efforts to bring about an internationally acceptable independence formula are delayed much longer, Mr R. F. Botha, the South African Foreign Minister, said tonight.

Last week, when negotiations for the next round of talks in New York broke down, Mr Botha accused the five Western powers involved and the South-West African Peoples' Organization (Swapo) of using delaying tactics.

In a television interview here tonight he said international acknowledgment was important, but not at any cost.

"If the price is so big that such a territory, or country or its people in any event come to destruction, or get involved in a war, or conflict, then it stands to reason that the price for international acknowledgment is too big," he said.

In such an event the country must proceed on its own, carefully planning its future and hoping that international recognition would be forthcoming eventually.

Mr Botha said two issues were holding up further negotiations: the date for constitutional assembly elections on the basis of one-man, one-vote, and the presence and number of South African troops in the territory until a new government was formed.

It is expected that elections will be held in the territory before the end of July, regardless of any agreement with the international community and regardless of whether Swapo contests them or not.

According to reliable sources in Pretoria, Mr Brand Fourie, the Secretary for Foreign Affairs, may go to New York to take Mr Botha's place at talks with the Western powers and Swapo.

Russians 'held by Eritreans'

Beirut, Jan 15.—Eritrean guerrillas say they are holding Soviet and Cuban prisoners captured during their struggle for independence from Ethiopia.

Mr al-Amin Muhammad Said, a spokesman for the Eritrean People's Liberation Front (EPLF), made the claim in an interview published here today. He gave no estimate of the number of prisoners held, but said: "Our forces buried many dead foreigners fighting with the Ethiopian troops."

He also said that his group had documents proving direct Soviet and Cuban military intervention in the fighting.

The EPLF is one of three Eritrean groups that have been fighting for the independence of the Red Sea province since its incorporation by Ethiopia in 1962, but this is the first time it has referred to foreign prisoners.—Reuters.

Ethiopian crisis, page 12

Giscard plea for EEC treaty with W Africa

From Charles Hargrove
Yamoussoukro, Ivory Coast
Jan 15

At the close of a triumphant visit in which he was acclaimed by hundreds of thousands of people in Abidjan and here, the birthplace of his host, President Giscard d'Estaing told a press conference that relations between France and the Ivory Coast had never been more confident and cordial.

A similar relationship, both economic and political in character within the framework of a solidifying pact, should be established between the countries of the European Community and the African continent, he suggested, though there was no question of excluding the United States.

The French President emphasized that he had obtained a positive response from President Carter, on his recent visit to Paris, to United States participation in the special fund for African development launched at the Dakar conference last summer.

In the final communiqué published today, President Houphouët-Boigny lauded "of the privileged and exemplary character of the links between the two countries". He declared at the press conference that "for us Ivorians, independence did not involve a breach with the former colonial power."

On the French side, the importance of the economic discussions during the visit is underlined. The Ivory Coast, it is pointed out, ranks fifth among France's partners in industrial development projects.

For President Giscard d'Estaing, the Ivory Coast, thanks to its economic prosperity and political stability, is destined to become the firm base of a policy of containment of Soviet influence and subversion on the African continent.

"The situation of peace and stability which exists in western Africa, thanks to the wisdom of the leaders in this part of the continent, must be preserved," he insisted.

Asked whether France would give military assistance to countries whose territorial integrity was threatened, as had been the case in Zaïre and Mauritania, he replied that "France always stands by her undertakings."

The communiqué states explicitly that "Both heads of state are convinced that a policy protecting Africa from foreign intervention is in accord with the higher interest of this continent. African problems must be settled by the Africans themselves."

But France considers that this peacekeeping role in Africa—in the widest sense of the word—should be assumed by the EEC as a whole. Mr Giscard d'Estaing said he would raise the question of a Euro-African solidarity pact at the next European summit.

Business Diary, page 17

Delays to overseas Christmas mail

Owing to sea and air transport problems, Christmas mail to and from several countries was delayed. In particular a two-month dock strike at American East coast ports which started on 1 October 1977 has delayed the despatch of all pre-Christmas surface mail from the USA to Britain. Christmas cards, letters, calendars and parcels as well as business mail were affected.

Letters and parcels posted in the USA in October and November 1977 are now being received in Britain. Every effort is being made to deliver this mail as quickly as possible but, with such a huge backlog it could be some time before all deliveries are completed.

The Post Office regrets the disappointment to so many families caused by the delay to their Christmas cards, letters and parcels and the inconvenience caused by the late delivery of business mail, due to circumstances entirely outside Post Office control.



Humphrey tributes from political friends and foes

continued from page 1

Last night, thousands of people, black and white, braved the bitter cold which has now gripped the capital to file past the bier.

Tributes have been pouring in from political friends and foes across the nation. Mr Ford and Mr Nixon praised Mr Humphrey as a statesman and patriot.

"Hubert was an idealist to the purest sense," Mr Ford said. "He was a man of character, compassion, enthusiasm, dedication and tremendous ability."

Mr Nixon called him a decent and honourable man who commanded "the genuine respect and affection of his political opponents and allies alike."

Mr Mondale, who was one of his closest friends, said that he was one of the saddest moments of his life. Close to tears, he added: "He showed us how to die with dignity and courage and with meaning."

Indeed, the last weeks of Mr Humphrey's life were accorded the sort of publicity that could only take place in a country where the mass media are omnipresent. Since he was told last autumn that his cancer was incurable, the television cameras have followed him everywhere to record the final chapter of his life.

Caught up in a swell of public sympathy for his plight, President Carter diverted his presidential aircraft on one occasion to bring Mr Humphrey

from his home to Washington and both houses of Congress accorded him the unprecedented privilege of asking him to address them from the presidential podium.

Although he was suffering from the effects of painful chemotherapy treatment, which he described as "bottled death", Mr Humphrey retained his convictions with such force that he would not let his body be laid to rest in St Paul, the state capital of Minnesota. He will be buried at a simple ceremony there tomorrow.

Callaghan tribute: The Prime Minister said in a message to President Carter that he was deeply sorry to hear of Mr Humphrey's death. "His loss is felt by us all. He set us an example in the way he carried his convictions with such shining courage."

"He had deep faith in his fellow men and women and a never-ending concern for the poor and underprivileged."

Hubert Humphrey was a great American, and he also belonged to the world, for the values which he lived by are universal. It was an honour to have known him and to have worked with him. The British people extend their deepest sympathy."

Mr Callaghan is also writing privately to express his sympathy.

Leading article, page 13. Obituary, page 14

Constitutional referendum held in Ecuador

Quito, Jan 15.—Ecuadorians queued at polling stations today to vote in a referendum to choose between two draft constitutions.

Voting is obligatory but some 30 per cent of the population are excluded from voting for being illiterate. Those eligible to vote face fines, and denial of the right to marry, divorce or open bank accounts, if they fail to do so.

A presidential election will be held on July 16.—Agence France Presse.

Landowner held after coup fails in Comoros

Moroni, Comoros, Jan 15.—Mr Chieck Adess, a wealthy landowner, is being held on charges of organising an abortive attempt to overthrow President Ali Solih of the Comoros Islands last week.

The state radio of this tiny Indian Ocean republic added that among several others arrested was the President's press attaché, Mr Ali Mohammed.

It was the third coup attempt against President Solih since he took office in January, 1976.

Tahiti jail mutiny crushed

Papeete, Jan 15.—Tahiti police today stormed Nuania prison outside Papeete and put down a mutiny after prisoners yesterday killed a warder and took six people hostage.

One prisoner was killed in today's assault and another wounded. Two policemen also

suffered gunshot wounds.

The hostages—four warders and two French legionnaires serving short sentences—were unharmed.

Meanwhile the search was continuing for six prisoners who escaped yesterday.—Agence France Presse.

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Educational & Public Appointments

AUSTRALIA

University of New South Wales
Sydney

PROFESSOR OF TOWN PLANNING

The professorship is available for a full-time post in the Department of Town Planning, University of New South Wales, Sydney, New South Wales, Australia. The holder of the post will be responsible for the teaching and supervision of students in the field of town planning. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Architecture, University of New South Wales, Sydney, New South Wales, Australia, by 15 February 1978.

Monash University
LECTURER IN EDUCATIONAL ADMINISTRATION

Faculty of Education
The University of Melbourne is seeking a Lecturer in Educational Administration. The holder of the post will be responsible for the teaching and supervision of students in the field of educational administration. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Education, University of Melbourne, Parkville, Victoria, Australia, by 15 February 1978.

University of Melbourne
CHAIR OF OPTOMETRY

Applications are invited for the Chair of Optometry, University of Melbourne. The holder of the post will be responsible for the teaching and supervision of students in the field of optometry. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Optometry, University of Melbourne, Parkville, Victoria, Australia, by 15 February 1978.

University of New England
LECTURESHIP IN MEDIEVAL HISTORY

Armidale, New South Wales
DEPARTMENT OF HISTORY

The University of New England is seeking a Lecturer in Medieval History. The holder of the post will be responsible for the teaching and supervision of students in the field of medieval history. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Department of History, University of New England, Armidale, New South Wales, Australia, by 15 February 1978.

University of London
Institute of Education
Deputy Director

The post of Deputy Director of the Institute of Education, University of London, is available. The holder of the post will be responsible for the management and administration of the Institute. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Institute of Education, University of London, London, England, by 15 February 1978.

University of Newcastle
Upon Tyne
DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING

Applications are invited for the post of Lecturer in Electrical and Electronic Engineering, University of Newcastle. The holder of the post will be responsible for the teaching and supervision of students in the field of electrical and electronic engineering. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Department of Electrical and Electronic Engineering, University of Newcastle, Newcastle, Australia, by 15 February 1978.

University of Birmingham
FACULTY OF LAW
BARBER CHAIR OF LAW

Applications are invited for the Barber Chair of Law, University of Birmingham. The holder of the post will be responsible for the teaching and supervision of students in the field of law. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Law, University of Birmingham, Birmingham, England, by 15 February 1978.

University of Waikato
NEW ZEALAND
TEMPORARY LECTURER IN GERMAN

The University of Waikato is seeking a Temporary Lecturer in German. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of Waikato, Hamilton, New Zealand, by 15 February 1978.

University of Durham

Applications are invited for the post of Lecturer in German, University of Durham. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of Durham, Durham, England, by 15 February 1978.

University of St. Andrews

Applications are invited for the post of Lecturer in German, University of St. Andrews. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of St. Andrews, St. Andrews, Scotland, by 15 February 1978.

Australian National University
RESEARCH FELLOW: DEPARTMENT OF DEVELOPMENTAL BIOLOGY

Research School of Biological Sciences
A Research Fellowship is available for a full-time post in the Department of Developmental Biology, Australian National University. The holder of the post will be responsible for research in the field of developmental biology. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Research School of Biological Sciences, Australian National University, Canberra, Australia, by 15 February 1978.

University of Wales
LECTURER CIVIL ENGINEERING

Salary: £23,333 to £26,855

Requests (quoting Ref T) for details and application form to Personnel Section (Academic), UWIST, Cardiff CF1 3NU. Closing date: 3 February 1978.

University of Auckland
SCHOOL OF MEDICINE

Applications are invited for the post of Lecturer in Medicine, University of Auckland. The holder of the post will be responsible for the teaching and supervision of students in the field of medicine. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, School of Medicine, University of Auckland, Auckland, New Zealand, by 15 February 1978.

University of London
Institute of Education
Deputy Director

The post of Deputy Director of the Institute of Education, University of London, is available. The holder of the post will be responsible for the management and administration of the Institute. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Institute of Education, University of London, London, England, by 15 February 1978.

University of Newcastle
Upon Tyne
DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING

Applications are invited for the post of Lecturer in Electrical and Electronic Engineering, University of Newcastle. The holder of the post will be responsible for the teaching and supervision of students in the field of electrical and electronic engineering. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Department of Electrical and Electronic Engineering, University of Newcastle, Newcastle, Australia, by 15 February 1978.

University of Birmingham
FACULTY OF LAW
BARBER CHAIR OF LAW

Applications are invited for the Barber Chair of Law, University of Birmingham. The holder of the post will be responsible for the teaching and supervision of students in the field of law. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Law, University of Birmingham, Birmingham, England, by 15 February 1978.

University of Waikato
NEW ZEALAND
TEMPORARY LECTURER IN GERMAN

The University of Waikato is seeking a Temporary Lecturer in German. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of Waikato, Hamilton, New Zealand, by 15 February 1978.

University of Durham

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University of St. Andrews

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University of London
Institute of Education
Deputy Director

The post of Deputy Director of the Institute of Education, University of London, is available. The holder of the post will be responsible for the management and administration of the Institute. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Institute of Education, University of London, London, England, by 15 February 1978.

THE GIRLS' PUBLIC DAY SCHOOL TRUST
SCHOOL TRUST

The Council of The Girls' Public Day School Trust invites applications for the post of Headship of the Blackheath High School for Girls. The holder of the post will be responsible for the management and administration of the school. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, The Girls' Public Day School Trust, Wemyss Road, London SE3 0TF, by 15 February 1978.

Royal County of Berkshire
Bulmers College of Higher Education
APPOINTMENT OF PRINCIPAL

The present Principal, James F. Porter, has recently been appointed Director of the Commonwealth Institute. The salary for the post is £10,734 p.a. and there are substantial emoluments. The successful applicant will be required to take up the appointment by 1st September, 1978. Closing date for applications (no forms) will be 3rd February, 1978. Further details may be obtained from the Clerk to the Governors, Bulmers College of Higher Education, Woodlands Avenue, Earley, Reading, RG6 1HY. Telephone: Reading (0734) 863387.

ASSISTANT MASTERS ASSOCIATION
GENERAL SECRETARY

Applications are invited for this post, the successful applicant to take office from a date to be arranged. The GENERAL SECRETARY will be responsible for organising the work of the Association. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary will be on the scale £10,000-£10,600. Teaching experience and evidence of involvement in the activities of a teachers' organisation or similar educational experience will be a strong recommendation. Applications should be sent to the Secretary, Assistant Masters Association, Gordon House, 29 Gordon Square, London WC1H 0PF, by 15 February 1978.

CHARTERHOUSE
TEMPORARY MASTER required immediately, certainly for one term, most probably for two, to teach French with subsidiary German to both "O" and "A" level. Applications with curriculum vitae to: The Headmaster, CHARTERHOUSE, Godalming, Surrey, or telephone Godalming 22589.

ASHVILLE COLLEGE
HARROGATE
DEPUTY HEAD

required in September 1978 for this d.m.c. boarding school of 410 boys. Candidates should be graduates of a British university with successful teaching experience to 'A' level and should be under the age of 45. The post is non-residential, but experience of boarding school life is desirable. Salary above £5,000 (Barnham scale Group 9). Further details may be obtained from the Headmaster, Ashville College, Harrogate, N. Yorks. Closing date for applications: 31st January.

The Royal Scottish Academy
of Music and Drama

Applications are invited for the post of Head of the Piano Department. The holder of the post will be responsible for the teaching and supervision of students in the field of piano. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, The Royal Scottish Academy, Edinburgh, Scotland, by 15 February 1978.

University of London
Institute of Education
Deputy Director

The post of Deputy Director of the Institute of Education, University of London, is available. The holder of the post will be responsible for the management and administration of the Institute. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Institute of Education, University of London, London, England, by 15 February 1978.

University of Newcastle
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DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING

Applications are invited for the post of Lecturer in Electrical and Electronic Engineering, University of Newcastle. The holder of the post will be responsible for the teaching and supervision of students in the field of electrical and electronic engineering. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Department of Electrical and Electronic Engineering, University of Newcastle, Newcastle, Australia, by 15 February 1978.

University of Birmingham
FACULTY OF LAW
BARBER CHAIR OF LAW

Applications are invited for the Barber Chair of Law, University of Birmingham. The holder of the post will be responsible for the teaching and supervision of students in the field of law. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Law, University of Birmingham, Birmingham, England, by 15 February 1978.

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TEMPORARY LECTURER IN GERMAN

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University of Durham

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Director

The Court of Governors of Thames Polytechnic invites applications for the post of Director which becomes vacant on 1 September 1978 on the retirement of Dr. D. E. R. Godfrey. Thames is one of the five Polytechnics grant-aided by the Inner London Education Authority. Under its Memorandum and Articles of Association the Director is the Chief Officer responsible to the Court of Governors, of which he is an ex-officio member, for the organisation, management and conduct of the Polytechnic. The Polytechnic has approximately 2500 full-time and sandwich course students and 1500 part-time students who by September 1978 will be attending courses at the two sites of the Polytechnic at Woolwich and Dartford. Virtually all its work is at degree equivalent level or above and extensive research programmes are carried out in many of its Schools, often in collaboration with industry, commerce and public services. The Polytechnic is graded in Burnham Group 10 and the Director's post currently carries a gross salary of £13,017 including London weighting. Further particulars of the post and a form of application may be obtained from R. J. Stephens, M.A., Secretary and Clerk to the Court of Governors, Thames Polytechnic, Wellington Street, Woolwich, SE18 6PF, to whom completed applications should be returned not later than 7 February 1978.

THE KING'S SCHOOL, CANTERBURY
DIRECTOR OF MUSIC

Applications are invited for the post of Director of Music for September, 1978, or January, 1979. The school has an exceptionally strong musical tradition. Two Symphonic Orchestras, Chamber Orchestra, Wind Band, Operatic Society, Choral Society, Madrigal Group, Girls' Choir, and other groups are active. The school is a member of the National Association of Music Schools. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, The King's School, Canterbury, Kent, England, by 15 February 1978.

UNIVERSITY OF GLASGOW
COMPUTING SERVICE

Programming Staff: Grades IB, IA or II

The University of Glasgow is seeking staff for its Computing Service. The holder of the post will be responsible for the management and administration of the service. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Computing Service, University of Glasgow, Glasgow, Scotland, by 15 February 1978.

University of Hong Kong
LECTURESHIP/ ASSISTANT LECTURESHIP IN SOCIOLOGY

Applications are invited for the post of Lecturer/Assistant Lecturer in Sociology, University of Hong Kong. The holder of the post will be responsible for the teaching and supervision of students in the field of sociology. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Social Sciences, University of Hong Kong, Hong Kong, by 15 February 1978.

The School of Pharmacy
LECTURESHIP AND TEACHING FELLOWSHIP IN PHARMACOLOGY

Applications are invited for the post of Lecturer/Teaching Fellow in Pharmacology, The School of Pharmacy, University of London. The holder of the post will be responsible for the teaching and supervision of students in the field of pharmacology. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, The School of Pharmacy, University of London, London, England, by 15 February 1978.

University of Kent
APPOINTMENTS OFFICER

Applications are invited for the post of Appointments Officer, University of Kent. The holder of the post will be responsible for the management and administration of the appointments process. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, University of Kent, Canterbury, Kent, England, by 15 February 1978.

University of Oxford
PROFESSORSHIP OF COMPARATIVE LAW

The University of Oxford is seeking a Professor of Comparative Law. The holder of the post will be responsible for the teaching and supervision of students in the field of comparative law. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Law, University of Oxford, Oxford, England, by 15 February 1978.

University of Edinburgh
EDINBURGH ACADEMY

Applications are invited for the post of Lecturer in German, University of Edinburgh. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of Edinburgh, Edinburgh, Scotland, by 15 February 1978.

University of Durham

Applications are invited for the post of Lecturer in German, University of Durham. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of Durham, Durham, England, by 15 February 1978.

University of St. Andrews

Applications are invited for the post of Lecturer in German, University of St. Andrews. The holder of the post will be responsible for the teaching and supervision of students in the field of German. The post is open to applications from persons of any race or ethnic origin who are qualified by education and experience. The salary is £12,000 per annum plus superannuation. Applications should be sent to the Secretary, Faculty of Arts, University of St. Andrews, St. Andrews, Scotland, by 15 February 1978.

Educational & Public Appointments
are featured every Monday

Raymond Fletcher

The totalitarian temptation

"A general election", I pointed out exactly seven years ago in *Encounter*, "is either a debate or a campaign, though it is invariably described by participants and reporters as though it were a combination of both."

"It is a process akin to self-medication, in which a society clumsily diagnoses what is wrong with itself and rejects those political practitioners who have failed to cure it. An election is rejection. The only votes cast with any degree of enthusiasm are those that are cast against a party."

I would rephrase this a little differently today, but it is still close enough to the truth for Mr Callaghan to bear it in mind whenever he thinks about the election that must come sometime during the next 18 months.

The less he actually thinks about it, of course, the less he has to fear. Clement Attlee managed to hold and increase the Labour vote throughout his leadership of the party largely because he read no newspapers except this one, no periodicals except the *Spectator* and paid no attention whatever to public opinion polls.

Mr Callaghan just has to continue being what he is and doing what he has already done in order to reduce both the desire to sack him and the number of votes necessary to do it. How he does this is up to him. Napoleon regarded as the tactically crucial "central position" has been commented on so much by others that calling more needs saying by me.

The fact that he does occupy it, however, presents Mrs Thatcher with more problems than any of her predecessors, despite the fact that the country is now in a more conservative mood than at any time in the past decade.

But a mood has to be magnified into a somewhat angry desire to turn out and vote before it becomes a factor in politics; and the methods the Tories have chosen to produce this magnification are not working yet and are unlikely to work in October.

While democracy is a system worth working and even dying for—since that personal freedom which is its most important byproduct is the source of our civilization, the recesses of democracy are rarely inspiring. Stirring, up far among the electors is a vulgar business, no matter who engages in it, but it is a legitimate political tactic, and there is nothing particularly unethical in the Tory decision to scare the country into voting against Mr Callaghan but against the red-in-toothed socialists who may succeed him.

Mr Callaghan finally decides that it is needed down on the farm. But who are the present generation of what Shaw once called "turnip ghosts"? The trade union leaders who were destined, according to the horror-film script once written for Tony Blair, to bulldoze Parliament into the ground and erect a Supreme Soviet on the rubble, have revealed themselves as what they always were—men trained for the business of collective bargaining in a totally new back to it. The turn-of-the-century would have horrified Trotsky himself, but like all parasitic organisms, merely killed off the organizations into which they have penetrated. And Mr Arthur Scargill has been allowed, by the astute Mr Joe

Gormley, to dig his political grave with his own teeth. To the political arena itself, where are the savage lions who will be at our throats the moment friendly old Jim is no longer there to restrain them? That they exist, I do not deny. There are a few members of the Parliamentary Labour Party with whom I would not go into New Carden, let alone any jungle. But Mr Skinner, ferocious critic of all governments and therefore the ideal back-bencher, is not among them. Mr Heffer, who would unhesitatingly choose freedom rather than socialism if the two came into conflict is not among them. And Mr John Lee, whose socialism is redder than the red flag itself, is, at the same time, as monarchist as the monarch himself.

Wherein, to put it simply, lies the totalitarian threat except in a list of notorious names? The totalitarian temptation is always there, whatever the colour of the government in power. It exists in all democracies. President Nixon yielded to it. Mrs Gandhi yielded to it.

But is a party which is gradually growing accustomed to being our natural governors like the American Democrats likely to throw up anyone likely to yield to it—especially when that party's toughest members, the Skinners and the Heffers, have coursing through their bloodstreams the belief that all governments have a tendency to slide into wickedness and must be kept under hostile observation and effective control at all times?

There remains Mr Tony Benn, the boy-man of the coming election. He is in many ways the ideal candidate for the role. As every school boy used to know, there is nobody like a former aristocrat for overdoing things who be turns to the left.

Mr Benn's personal virtues, moreover, are held against him by those political observers who feel uncomfortable in the presence of a man who is manifestly not humanized (as they see it) by any streak of cynicism and no addition to at least two of the seven deadly sins, drinking, smoking, and sex. He is always at work. He not only throws out ideas as a Catherine wheel throws out sparks, but he is in "deadly earnest" about them. He is, clearly, an intolerable man, and must, so the reasoning goes, be an equally intolerant one; and as history shows, such devastatingly sincere men are dangerous.

But there is the Tony Benn I know, whose ideas on workers' participation in industrial decision-making are not so far from those to which Charles de Gaulle was driven in his last years, who was the first Labour Minister I heard defining the small firm as the natural pathfinder in the economy and who, far from being a Marxist ideologue, is a natural descendant of those men in russet coats who debated about their rights in Putney Church over three centuries ago and invented modern democracy in the process.

Mr Benn wants socialism to bargain itself in a totally new industrial context. No more, no less. Exactly how he wants to go about it must be the subject for another column.

The author is Labour MP for Ilkeston.

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Italy at the crossroads: can democracy still beat the extremists?

A generation may have been created unable to display the traditional Italian flexibility when facing difficulties

The Italians are now back on one of their sporadic but dramatic sorties towards the centre of the international stage and, as usual, are performing a different play from the one a tense audience thinks it is watching.

Of course, the communist issue was once again responsible for focusing so much limelight on the impending resignation of the country's thirty-ninth Government since the fall of fascism (out of 110 since Italy was united). And the fortunes of the Communist Party in the complicated negotiations which will open on Tuesday are certain to be followed as the central issue facing the country. No one can say what the outcome will be. All that remains clear is that the country urgently requires a firm lead from its politicians, Communists and non-Communists alike, and that in the process of finding the appropriate working compromise to meet its needs, it is approaching the most delicate moment since the republic was installed.

The most urgent single need is to reduce the feeling of malaise and frustration which, in some parts of the country, has reached critical proportions. The south is clearly in the worst condition, but even in

areas which are relatively untouched by the economic crisis and the regular attacks of the terrorists, there is an uncomfortable feeling that trouble is surely on the way, that it is just a matter of time before violence and fear, unemployment and the full crisis of traditional values become general.

Political terrorism has been a part of national life for eight years. Now, for the first time, it is noticeably beginning to take its toll on the nerve of the public. It has gone on too long while seemingly lacking either a specific aim or an obvious inspirer, whether as a person, an organization or an idea. It is no help to the country to take its toll on the nerve of the public. It has gone on too long while seemingly lacking either a specific aim or an obvious inspirer, whether as a person, an organization or an idea. It is no help to the country to take its toll on the nerve of the public.

bastion Communist entry into government as a strong party of law and order, or as a warning from the extreme right against any such development.

This confusion of motives is one of the penalties paid by concentrating solely on the communist issue. There are serious difficulties within a society emerging, disillusioned, from a rapidly conquered consumer age which so far to explain violence in all its forms. Young people face a series of problems. Industrial slums in the north and the unplanned suburban growth in Rome and the south have produced a first generation of young people feeling either no

for a variety of reasons, unable to display the traditional Italian flexibility and adaptability when facing difficulties.

This type of problem is as much psychological as it is political, so is the question of a genuine policy of austerity, which is essential to meet the country's economic problems and maintain its credit abroad.

The consultations in the next few weeks should show whether the political system can flexibly rise to the country's needs. The foundation on which this system works is about as baffling as a political system could be, and the American attempt at simplification can hardly be said to have helped in this essential area. For half a century, Italy has had no genuine choice of alternative governments: the fall of fascism was followed by a 20-year period of Christian Democrat hegemony which is only now being called into question. The Anglo-Saxon idea has nevertheless, in part, remained that there should be a distinct division between governmental forces and the official opposition.

This idea could not in practice survive the last general election in June, 1976, which confirmed the Christian Democrat position as the largest

party but strongly reinforced the Communists. It is not widely recognized that the country cannot be governed particularly in so critical a moment by either just Christian Democrats or just Communists. This dilemma was met with a highly ingenious formula: the Christian Democrats formed a minority administration which relied, first, on the abstentions of five parties including the Communists, and then on a programme agreed by all six. This is the government which will fall today. It was a step nearer what might be called a choral form of democracy as opposed to the duet between majority and minority.

The Communists, among others, are now demanding development of this system. Their declared aim is an emergency government with the services of all partners. The Christian Democrats have refused, and so Communist insistence now is that at least the must be treated, morally, equals as well as being accorded the weight which the derive from their political strength.

Peter Nichol

Ethiopia is threatened more by internal strife than external enemies

Why the Derg still needs a military solution

In the main thoroughfare of Addis Ababa, still named Churchill Street, where droves of donkeys and beggars mingle with the traffic, painted boards proclaim "Revolutionary Ethiopia or Death", and call on the people to drive out today's foreign invaders as they drove off the Italians in former times.

Today's "invaders" are the Somalis in Ogaden and the Arab states accused of supporting the Eritreans in the north, and none of the officials we spoke to in Addis Ababa left any doubt that the present government, the Derg, is determined to enforce the territorial integrity of Ethiopia.

A degree of "regional autonomy", the extent of which has not yet been defined, has been offered to both the Eritreans and the Somalis who live in Ogaden, but this recognition of the national problem inside Ethiopia stops short of allowing any of these areas to secede.

All the indications are that within the next two to three months a major offensive will be launched against the Somali forces in Ogaden. Somalia is believed to have deployed up to 70 per cent of its arms and men in the Ogaden, and has been last spring, and it has not been adequately resupplied. Ethiopia, by contrast, has received massive infusions of Russian equipment flown in by heavy transport Antonov-22s.

The Ethiopian Foreign Minister, Colonel Dr Feleke Gedle-Giorge, made it clear to us that there would be "no negotiation and no cease-fire" as long as Somali forces remained inside Ethiopian territory, and as long as Somalia did not renounce its claim to Ogaden.

The Foreign Minister also stressed that Ethiopia would not cross the Somali border, and press on to Berbera and the sea, as some Western observers have feared.

The Ethiopian armed forces have to us that they were determined to help turn the tide in Ogaden. The Russians admit that they are partly responsible for the initial Somali advance in Ogaden: not only did they armed the Somalis, but they also assured the Ethiopians that they could prevent a Somali attack. On the basis of this assurance, the Ethiopian army had moved its main forces out of the area and left it with only minimal defences.

The situation in Eritrea is far more serious, and could, by calling on extra troops, divert resources from an Ogaden offensive. Officials conceded that Asmara was surrounded and had been cut off from the port of Massawa since October. But despite the loss of Massawa's facilities and of communications with the newly independent state of Djibouti, the port of Assab remains open for vital imports, including oil from the Gulf.

The Foreign Minister emphasized that there could be no purely military solution in Eritrea. The hope in Addis Ababa is that, despite public insistence on complete independence, the Eritrean guerrilla movement would agree to a negotiated settlement under which Eritrea would receive its "regional autonomy".

The main guerrilla bases and supply lines are in Sudan, and Dr Feleke believed that, as discussions between Ethiopia and Sudan had not restarted, there were increased possibilities of a negotiated end to the Eritrean war.

The situation in Addis Ababa is, however, dominated not by these wars in Eritrea and Ogaden, but by the conflict in the capital itself between the Derg and its various opponents, chief among them the Ethiopian People's Revolutionary Party, a self-pro-

claimed Marxist group with a strong following among students.

The Derg accuses the EPRP of having assassinated over 300 government supporters, nearly all of them civilians, in the past year and has reacted furiously against these accusations of sympathy for the EPRP.

Security precautions in Addis Ababa are extremely tight, with thousands of armed civilians patrolling streets and buildings. At government ministries all visitors are searched, and even inside these buildings there are armed guards on each floor.

During our visit there was a comparative lull in the war between the Derg and the EPRP, but only a week before there had been widespread casualties and at night there was sporadic gunfire, with the curfew still in force. A break away "Bolshevik" faction of the EPRP is believed to have called for an end to the campaign of assassination against Derg supporters, but no one doubts that fighting could flare up again at any time.

The situation inside the Derg itself is still obscure, following the execution of Derg vice-chairman Lieutenant Colonel Amatu Abate on November 12.

Colonel Amatu is held to have been the main candidate for leadership of the "pro-western" coup that some observers predicted after the reverses of the summer, and it would seem that, despite continuing differences among the 60-member of the Derg, a greater degree of unity now exists at the top, with the dozen or so members of the standing committee acting with a degree of joint responsibility and coordination.

Outside the Derg there is a substantial body of civilians who claim to support the government's "National Democratic Revolution". Five distinct political groups all claiming to be Marxist, have been allowed to operate in a semi-legal fashion. The most influential was Meleson, the All Ethiopian Socialist Movement, but most of its members went into opposition in July, and although some of the supporters have remained with the government, attempts to reconcile the Meleson leadership with the Derg have so far failed. The dominant group is now the United Front for the Liberation of the Derg, a body very close to the Derg leadership.

At the headquarters of the trades unions, heavily guarded and sandbagged after the chairman had been shot dead in his office, and two other leading officials killed in the street, the figure for union membership was given as 350,000—about a third of the total eligible to join. New women's federations have been organized, although main activity so far seems to have been preparing food and clothing for soldiers at the front.

The sudden new Marxist orientation in Ethiopia takes many forms. Meskel Square, the Square of the Holy Cross in Addis Ababa, has been renamed Red Square, and adorned with portraits of Marx, Engels and Lenin that illuminate at night. Street stalls carry English-language editions of Marxist writers, and the *Communist Manifesto* has recently been translated into Amharic and Oromo, the two main Ethiopian languages.

There is much talk of a "proletarian party" being founded in 1978, and the Derg itself claims that once a successful revolutionary party is set up, power will be handed over to it. But it remains to be seen how unified or how influential such a civilian party will be, and as long as Ethiopia faces the threat of a military takeover, it is to see the military agreeing to surrender power.

Fred Halliday and

Maxine Molyneux

When Chinese is a string of two-letter words

Chinese is easily the most popular language in the world. Between a quarter and a third of the inhabitants of the planet speak it as their first language, twice as many as speak English. It is a language of great richness, making delicate distinctions that are inexpressible in other tongues of our tower of Babel.

However, there is no denying that as a tool for mass communication it presents problems. Since the fourteenth century BC its alphabet has used about 50,000 characters, of which some 4,000 are in common use today. These are the very Chinese devil to mechanize.

Chinese composers still have to select their type manually from massive racks. A Chinese typewriter is a cumbersome form of miniature diving-bombing, on which a really proficient typist can achieve only ten characters a minute.

To send a Chinese telegram each character has to be translated into a four-digit number from 0000 to 9999, transmitted in Morse code, and reconverted at the other end: a laborious process prone to extravagant error. It is said that it takes 20 years of assiduous application to become expert in the Chinese Telegraphic Code. And has been assumed until very recently that Chinese characters were not computer-compatible, as they say in the technology.

This Chinese puzzle has now been cracked by the improbable team of two Cambridge lexicographers using a Meccano set, sealing wax, and string. Mr Robert Sloss, formerly an interpreter in the RAF, is director of the Chinese Language Project at Cambridge. Mr Peter Nankervis is a physicist by training, a patent agent by profession, and a Chinese lexicographer and polyglot by inclination.

For the past six years they have been working on a modern Chinese-English dictionary that will be the first to record the vast changes in the language since the revolution. Without a computer their labours would have extended to the end of the century. If only they could teach a computer to read and write Chinese...

Like many great inventions, once the trick is explained, it seems child's play—correcting, obviously bright child's play. Since the Chinese language consists for most purposes of fewer than 10,000 characters, each character can be assigned its own square on a metre grid of 100 by 100.

They tried this out in the geology department, reaching a computer to read grid references like a crossword: line 27 across, column 73 down. This was crude and laborious, with a trolley being rolled over a large grid; and it depended on the tolerance of the geologists, who wanted to use the machine to draw maps.

Then Mr Sloss bought some Meccano to give his son for Christmas. The boy is still waiting for it.

They had the inspiration of transferring a grid of 66 by 66 (giving 4,356 centimetres

Two improbable Cambridge lexicographers have invented a computer that can read and write Chinese, an invention of the utmost importance to the understanding of China.

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They called their invention the Ideomatic 66, with its apt connotations of ideograms, idiom, and idiot. It looks like a cross between a rotary steam iron and a machine on a seaside pier that simulates driving a car.

It was absurdly simple, but the consequences are profound. They now expect to publish their dictionary next year instead of next century. Cable and Wireless have developed the Ideographic Encoder, as it is now called, and it should be available commercially by the end of the year.

Last month a Chinese translation mission showed understanding interest in the invention: it could revolutionize everything from their telegraph system (printing in Chinese, a Chinese Language Project compiling a data bank of technical information, which put out of China at the rate of scientific journals a month) to translation by computer. Chinese into pidgin English is good enough to make the article intelligible to a scientist in the appropriate field.

By a simple change of the system can be adapted to any language that uses ideograms, such as Japanese, Korean, and Singaporean, showing interest. Egyptian hieroglyphs, anyone? Anything that makes Chinese more accessible to the rest of the world, an invention of the future importance.

Prominent outsiders who become diplomats fairly late in life always feel that the future civil servants formula regulations to ensure that outsiders stay outside. Most of them have had with Mr Peter Jay since his appointment as ambassador to Washington have revolved around the question of his expenses.

Mr Jay once told me that although he gets a generous allowance for entertainment, it is expected to use part of it salary for that purpose as we. Another time, he complained that although he was allowed to travel officially on Concorde, he was not allowed to claim a Concorde fare and p.1 towards another mode of travel (such as going by sea).

I do not know whether the Concorde diplomatic diplomats are truly obsessed with these matters, or whether they believe that I am, or whether they are nervous of talking me about anything else. In any case, their view on the subject is crisply summarized by N. Richard, a civil servant, who declared, "certainly know how to take care of their own."

When career ambassadors leave the service, he points out, they habitually quit six

months or so before their final retiring age, to use accrued unpaid leave. To qualify for this paid leave they have technically to remain in the foreign service. A Richard, to leave the service directly he becomes a parliamentary candidate, a holiday entitlement is cancelled.

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PAICE

for the Labour seat at Kettering. Selection will take place in April.

If he is selected he will have to resign forthwith from the public service, and he is miffed that in doing so he will forfeit several months of leave that he has accumulated in his four years at the United Nations. There is, he explains ruefully, no way in which he can claim the holiday or get compensation for it.

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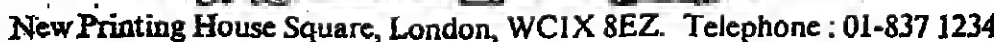
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nuclear facilities, irrespective of how and when they were established. This concept of bringing the complete nuclear programme of a country under inspection, and not just a specific installation or batch of material, was behind the attempt to improve safeguards which produced the Non-Proliferation Treaty. The rules of the Nuclear Suppliers Group are comparable with the old original International Atomic Energy measures. Of course the French are not signatories to the Non-Proliferation Treaty, whereas they have formed a powerful nuclear exporting industry. In fact the modesty of the restrictions imposed by the suppliers' group largely reflects French attitudes.

Another weakness in the safeguards system lies in the lack of measures available to the International Atomic Energy Agency. There are not enough of them

to cover satisfactorily the existing nuclear facilities. A strong measure of control can certainly be exercised by cutting off the source of material and equipment from the major suppliers, but it would be far from complete. Nuclear technology is too widespread for such a blunt approach. India, for example, is already able to export some of its acquired technology: other non-weapons states are fast reaching that state. Sanctions by the Nuclear Suppliers Group would at best act as a slowing down process, merely extending the time it would take a country determined to become a nuclear power to do so. A more satisfactory long term answer would be to encourage France and all other countries to put their weight behind the Non-Proliferation Treaty, and to work for eventual nuclear disarmament.

who could do this. Lyndon Johnson may still be respected in Washington for his ability to handle Congress, especially in his early years in the White House. There may have been more substance in Nixon's foreign policy than it is now fashionable to acknowledge. Ford may have performed an invaluable historical role in calming the nerves of the American public. It may be too soon to judge the quality of Mr Carter's Presidency. But none of them has ever managed to capture the imagination of America's friends and allies.

The international scene and the nature of the western alliance have both changed since Kennedy's day. The super-powers are no longer quite so dominant. Relations are more fluid. But that makes it all the more important to the United States that it do what it can to win the goodwill of other countries. Had Hubert Humphrey become President he would have been exceptionally well qualified to do this, although his reputation suffered abroad as it did at home from his association with Johnson's Vietnam policy. But even without becoming President, his zeal for good government and for international order enhanced the standing of American public life.

the gangway that now, belongs to Harold Wilson. He scarcely missed quorum time towards the close, although the days of Opposition and of power he always preferred to spend that hour in his room playing piquet with boon companions he had chosen mostly for their wit or for their appreciation of his own wit. He was a student of parliamentary swordplay in the classical traditions, and a man who liked a bottle on the table.

The whole House knew that they would never see his like again, who had been so shrewdly and so tactically levered him. There in his age, as Graham Sutherland had caught him, sat the old embodiment of history and of Parliament with all its virtues and faults. They remembered him at his magnificent moment as a statesman, a warrior, admiring the one and forgiving the other. They remembered him commanding the Commons for more than half a century, yet saw him now asking a backbench Conservative who it was speaking for the Conservative Government on the Treasury bench, because his memory had failed; and they heard the story of the luncheon at which Harold Wilson had been so tactically and so tactically battered sat on either side, and how at the end Churchill turned to the left and asked too loudly, "Harold, who is this clever young fellow on my right?"

I believe I am not alone in never wanting to see the Sutherland portrait again. Far better call to mind the Colossus he had been, with the wars not forgotten. He could be generous: when he became Prime Minister and Minister of Defence again in 1963, he brought tears to his eyes, as Shinnell said, at the fact that as Labour Minister of Defence he had nothing to be ashamed about. He could be mean. Earlier, when the Labour Government approved the appointment of an American admiral to command the western approaches, he outrageously advised Mr Shinnell to visit Italy because that was all he was fit for.

The trouble with the Sutherland portrait for politicians is, that it missed not the roar that made the lion. At the going down of the sun, and in the morning, politicians will remember him.

hero should not be painted in his lifetime at all." The early Church laid down rules severely regulating the painting of their saints, so that the public saw only "a kind of poetic conception" of them many years later. Maybe the Churchills would not have destroyed Sutherland's masterpiece had he painted merely "a poetic conception".

Yours, etc,
HONORABLE BALFOUR,
25 Royal Crescent, W.II.
January 13.

From Mr Humphrey Brooke

Sir, There is at least one parallel in fairly recent times to the grievous loss of Mr Graham Sutherland's portrait of Churchill. That is the large portrait of King George V by Charles Sims (the mentor of

Some university teachers with, in a sense, commendable zeal, distribute dozens of copies of passages from texts, if not from text books, to their classes. Yet all this contributes to the sale of the text factors, to the impossibility nowadays of publishing new editions of such texts. They always had small editions—say 1,500 to 2,000—which were kept in stock for years. To produce the potential sale of such an edition far more than troubling the price, because there is no run on advance. Add to this high costs of storage and distribution and the effects of inflation. When the price thus goes very high it is obvious that even fewer libraries, and even fewer individuals, can afford to buy. The result is an even tinier edition at an astronomical price, or more likely, no edition at all. It is important that the scholarly community should appreciate some of the elementary facts about the distribution in print of the knowledge of which they are producers and

From Miss Anne Wake
Sir, Had the painting of Sir Winston
not been destroyed one can assume
that one day it would have been put
on permanent show to the public
and thus the simple folk, our minds
und cluttered by high artistic
thoughts and family feelings, might
therefore have been allowed the
final judgment. To me the picture
simply shows a proud, defiant and
slightly helligerent old man. Surely
not a bad description of Sir
Winston.
Yours faithfully,
ANNE WAKE,
Bride Mill,
Mill Lane,
Shest, near Petersfield,
Hampshire.
January 13.

the modern world, in which it is the actions of the authority itself, as they impinge upon the individual, that are in dispute.

Recent decisions of the courts have been so far in the same line, that the rights of individuals as against the state, and it is likely that the decision on the M42 Inquiry in *Bushell v The Secretary of State for the Environment* would be reversed on appeal. But there can be no general appeal, unlike in other countries, there is no legal aid for objectors to schemes put forward by public authorities, and it is financially impossible for individuals to fight the Department of the Environment in the courts.

It is very much in this public interest that the case should be taken to appeal, so that a judgement which by its own admission "involves inconsistencies" can be properly reviewed, and the law definitively stated, in somewhat the same way as the Inland Revenue undertakes to pay the costs of both sides. If the Government is serious in its acceptance of the Leitch Report, it should instruct the Department of the Environment to, as it were, pay the costs.

Yours faithfully,
J. R. LUCAS,
Merton College,
Oxford.

Civil Service pay

From Mr Kenneth Baker, MP for City of Westminster, St Marylebone (Conservative)

10) has sparked off an interesting and informative flow of letters. He is clearly right to applaud the Government's restoration of the system of pay research for the Civil Service, and the policing of it by an independent chairman and some independent board members. The major weakness of pay research in the public sector is the fact that

unfettered by a formal incomes policy, civil servants know that they will be fairly treated. The Civil Service unions also welcome the system, since before the final figure is agreed upon there is some scope for negotiation.

Could such a system be the basis for settling wages and salaries in other parts of the public sector? I think it could. A Pay Research Unit could be set up for local government employees, and for the administrative staffs of such bodies as the water authorities, the gas and electricity corporations and the Post Office. Some groups like the firemen, the police, the armed forces and the miners, would have to be excluded since there are no comparable jobs in the private sector.

Such a system would provide a fairer, more open and less contentious way of settling many salaries where at the end of the day the government is the payer. As there are over six million people working in the public sector, any government will have to have a policy for the payment of their incomes. If the private sector is allowed to find its own level of wages and salaries, and by and large over a period of years it does, then the problem for the government is to pay for that their employees do not fall behind. If these employees could be assured of a fair salary related to comparable jobs in the private sector then many of the agonies and inflexibilities of recent incomes policies could be avoided.

Yours sincerely,
KENNETH BAKER,
House of Commons.
January 8.

From Mr R. G. Worby

Sir, I refer to your report (January 11) under the headline "£5m grants to help small pharmacies" containing the statement made in the House by Mr David Ennals, in reply to a parliamentary question, regarding the effects on elderly people of the continuing closure of chemists' shops.

In this regrettably misleading statement the Secretary of State referred to the £5m lump sum being made available to help the introduction of a new system of payments but failed to inform the House that this recent reduction in payments to chemist contractors will total £17m by the end of this year.

Recent action by the Secretary of State will, therefore, have the effect of depriving chemists of £17m whilst returning a once only payment of £5m for the specific benefit of certain small chemists.

Yours faithfully,

R. G. WORBY,
Chairman,
Pharmaceutical Services
Overseas Committee,
265 High Street,
Rickmansworth,
Hertfordshire.
January 12.

THE TIMES

BUSINESS NEWS

UK attractions begin to sway executives,
page 16

Weighing the worth of a N Sea fund,
page 17

Leyland's shop stewards set for showdown on cutbacks today

By R. W. Shakespeare

Mr. R. W. Shakespeare, a well-known industrial journalist, reports that Leyland's shop stewards are set for a showdown with management today over proposed cutbacks. The stewards, representing 30 manufacturing centres, are demanding that management maintain the status quo. They are particularly concerned about the proposed reduction in the number of workers at the company's main plant in Coventry. The stewards argue that the company's current production levels are high and that any reduction in staff would be detrimental to the company's long-term interests. Management, on the other hand, claims that the proposed cutbacks are necessary to ensure the company's financial survival. They argue that the company is facing a severe cash crisis and that the proposed reductions are a necessary part of a broader restructuring plan. The showdown is expected to be a tense one, with both sides prepared to stand their ground. The outcome could have significant implications for the company's future.

MPs seek terms of £52m Indian ships deal

By Peter Hill

Ministers are to be questioned next week on the terms of the deal under which Britain is to provide aid money to India in order to build ships worth £52m in the United Kingdom. The deal, which was announced last month, has attracted considerable criticism from opposition MPs. They argue that the terms of the deal are too favourable to India and that the aid money should be used for other purposes. The government, however, maintains that the deal is a necessary part of a broader strategy to improve relations with India and to support the Indian shipbuilding industry. The debate is expected to be a heated one, with MPs demanding more details about the deal's terms and conditions.

Bank of England 'brains trust' opts for middle road in expansion Academics favour £2,000m tax cut

By Melvyn Westlake

Broad agreement about the need to make further cuts in British taxes to stimulate the economy has emerged from a secret meeting between senior Bank of England officials and a panel of top academic economists. The panel, which was convened by the Bank's chief economist, Sir John Hodge, recommended a middle road approach to expansion. They favoured a £2,000m tax cut as a key measure to stimulate growth. The panel also recommended a series of other measures, including a reduction in the rate of interest and a loosening of monetary controls. The Bank of England is expected to announce these measures in the near future. The academic panel's recommendations are seen as a significant influence on the Bank's policy-making process.

Bank's consultative academic panel, set up last autumn, in an attempt to keep the Bank more closely in touch with academic opinion, and sharpen the debate over key aspects of Britain's future economic management. The panel, which includes leading economists from various universities, has been a key advisory body for the Bank. Its recommendations are based on a thorough analysis of the current economic situation and the potential for future growth. The panel's support for a middle road approach reflects a consensus among academic economists that a balanced strategy is needed to achieve sustainable growth.

The meeting was held to consider the causes of the present world recession, about which there appears to have been a good deal of dispute. There was rather more unanimity about the need for the Government to take fiscal action to raise the level of demand in the economy, although opinion was divided about how restrictive any accompanying money supply targets should be. The panel also discussed the impact of the recession on the labour market and the need for measures to support employment. The panel's recommendations are seen as a key factor in the Bank's decision-making process.

Washington guessing game on the top posts

Mr. Michael Blumenthal, the American Secretary of the Treasury, will not be replaced in the near future by President Carter, and the next managing director of the International Monetary Fund will be M. Jacques de Larosiere, present head of the French Treasury. These predictions, going the rounds in Washington, are probably accurate, although there is enough currency speculation to force one to be cautious. A favourite game in Washington, especially at diplomatic dinners, is guessing who will be appointed to top positions, and the consensus for this sport does not appear to be diminished by the failure of almost everyone to guess who would replace Dr. Arthur Burns as chairman of the Federal Reserve Board.

Reduced rate band mooted in Budget strategy

By Caroline Arkinson

There is a strong possibility that a reduced rate band for income tax will be a major part of the substantial cuts in income tax which are expected in the next Budget, although the great cost of introducing such a scheme may tell against it. The Prime Minister is believed to be particularly taken with the idea, which was the main plank of the TUC's recent Budget proposals. There is, however, considerable opposition to the scheme in Whitehall because of its cost. A rise in indirect taxes in the Budget, which would give more room for direct tax cuts, now seems to be virtually ruled out because of its inflationary effects.

The next Budget will be drafted with an eye to securing moderate wage increases as well as to the possibility of an election sooner rather than later. A Government-induced rise in wages would seem unwise on both counts. It has been suggested that a reduced tax rate of, for example, 25p in the pound should be levied on the first £1,000 of taxable income. However, this would cost the Treasury £2,000m, or thereabouts. The Chancellor has expressed interest in the idea, although it was ruled out in last year's Budget on the grounds that it is a more expensive and less efficient way of coping with the burden of tax on lower incomes than the raising of personal allowances.

The overlap between the tax system and the social security system, whereby people on low incomes can be paying tax with one hand and receiving state benefits with the other, is both anomalous and believed to be damaging to incentives. It can be tackled by raising the level at which tax begins through increased personal allowances. This is the course so far taken by the Government. However, that leaves unchanged the steepness of the change between taxed and untaxed incomes. Another feature of a reduced rate band is that it does not give a bigger benefit to those paying higher rates of tax in the way that a rise in allowances does.

Shipyard managers' ban

Managerial workers in the shipbuilding industry are to be banned from overtime work from February 1 because their union has been recognised by British Shipbuilders. The ban involves 1,600 members of the Shipbuilding and Shipyard Workers' Union. The union has been recognised by British Shipbuilders, a major shipbuilding consortium. The ban is part of a broader agreement between the union and the consortium. The union has agreed to a series of concessions, including the ban on overtime work, in return for recognition. The ban is expected to have a significant impact on the industry's ability to meet demand.

It said British Shipbuilders had agreed in July last year that it would recognise SAIMA, but as yet had not done so. The decision was an expression of the "deep resentment felt by members of the unreasonable delays in acknowledging their right to be represented by a union of their own choice". SAIMA, formed in 1975, claims to represent 70 per cent of managers in British shipbuilders.

Brazil charge on cartel
Brazil is going to ask the United Nations Conference on Trade and Development for the full text of the Document that accuses a multinational cartel of major electronic manufacturers of "systematic" price-fixing in the Brazilian electronic equipment industry. The Government only learned of the cartel's alleged actions through newspaper reports on Friday.

Dispute over fish imports

By Hugh Clayton

A dispute over fish imports has broken out on the eve of a Brussels meeting at which British ministers will campaign for protection of the home fish industry against unrestricted imports by traders and frozen fish. Mr. Michael Deane, secretary-general of the United Kingdom Association of Frozen Food Producers, said: "What we want is a little help from the Government with any country that can supply us with fish. We want them to bring that forward in the negotiations on Monday." The dispute centres on supplies from Iceland, where British trawlers used to catch more than a quarter of their fish. Icelandic waters have been closed after a series of cod wars, and traditional landings of white fish from Icelandic boats at British ports have been blocked by humpers. Their ban has the tacit support of the British Fishing Federation, which represents trawler owners. "The Icelanders can send fish to the EEC on very favourable terms and we have nothing in return," the federation said.

Nube backs Channel Islands' pay protest

By Christopher Thomas

Channel Islands bank staff employed by the London Clearing Bank are being asked by the National Union of Bank Employees (Nube) if they are prepared to take industrial action. The union is circulating leaflets on the Islands setting out a demand for pay increases and the right to local negotiations. Traditionally the staff have been linked to the mainland pay agreement, but the union is demanding a system of local bargaining. The Federation of London Clearing Bank Employers is refusing to deal directly with Nube, which has withdrawn from the traditional bargaining structure in protest at having to share negotiations with the rival staff associations. Mr. John Hargreaves, a Nube assistant secretary, said: "We are asking the Channel Islands staff to join the union. We will visit the Channel Islands this week to discuss possible protest action. The union claims to represent 700 of the 2,000 staff employed by the London Clearing Bank in Jersey and Guernsey. It says staff employed by other banks have negotiated substantial rises, rising in one case to 22.5 per cent last year.

End in sight for building liaison group

By John Hurley

An announcement is expected soon on the future of the ill-fated Construction Industry Liaison Group, set up in 1974 by Mr. Eric Pickles, Minister for Housing and Construction, to provide a direct link between the industry and government. The group, formed partly because the existing consultative machinery was considered too unwieldy, met for the first time in April 1975, and there were about a dozen subsequent meetings. Creation of the group, which was chaired by Mr. Eric Pickles, was intended to improve the monitoring of supply and demand. Its formation was seen as a move to improve the relationship between the industry and government. The group's future is expected to be decided in the near future.

Mr. Blumenthal's position is widely said to be in jeopardy. Some diplomats, claiming particularly good sources in the White House, say he will soon be replaced, and that among his opponents is Mr. Bert Lance, the former Budget Director. Mr. Blumenthal is said to be a good deal of influence with President Carter. My own administration sources, who may prove just as unreliable as those that feed rumours to others in this rumour-ridden city, assure me Blumenthal is safe and his influence is rising, as demonstrated by the success he has had in promoting Mr. William Miller as the next Fed chairman. Meanwhile, there remains the IMF job following Dr. Arthur Burns' resignation. Mr. Blumenthal is said to be considering resigning as managing director this summer. One diplomat, who ought to have excellent sources in this regard, stated with an air of finality the other day that Dr. Burns has got it. But a IMF official said the Frenchman was meeting with various difficulties. M. de Larosiere, a protégé of President Valéry Giscard d'Estaing, appears to have the strong backing of the Americans, the Canadians, and the Saudis. With that sort of support, he has every right to start making plans for a move to Washington. The trouble is that many other countries—especially the developing nations—do not like this conservative technocrat. More popular among many of the countries with debts outstanding to the IMF is Dr. W. F. Duisenberg, the former Dutch finance minister, who was pressing his candidacy strongly to the surprise of the major industrial nations. But in an interview on Dutch television on Saturday, Dr. Duisenberg announced that he was withdrawing and would be sending formal notice of this withdrawal to the IMF. A Socialist who served in the Dutch government, the French candidate has the backing of the five financially most powerful member states of the IMF and is therefore certain to be elected. A subtle campaign is being waged by Mr. Willy de Clercq, the former Belgian Finance Minister. And the Italians, in an effort to stop the de Larosiere onslaught, have been promoting their own fund director, Signor I. Dini, for the post. The latest news at Washington dinner tables is that the Italians have been pressured into changing their opposition to the French Treasury chief. It has not been possible to confirm this in recent days, but if this report is accurate, then M. de Larosiere will undoubtedly become the next managing director of the IMF. However, should the Italians continue to cause trouble and should the developing countries, particularly the South Americans, continue to oppose him, then the major nations may be forced to look elsewhere. The guessing is that they may try to reach beyond Mr. de Clercq. They may go back to the man whom many of them wanted, but who was forcefully rejected in previous approaches that were made several months ago—Dr. Wilfried Goh, joint managing director of the Deutsche Bank and former German IMF director.

Frank Vogl

Lines fail to ree on lower res structure

Lines failed to reach agreement at the weekend on a cut in Transatlantic fares promised in competition with air services. The dispute is between the shipping lines and the airlines. The shipping lines are demanding higher fares to cover their increased costs. The airlines, on the other hand, are demanding lower fares to remain competitive. The dispute has led to a series of failed negotiations. The shipping lines are expected to maintain their current fare levels, while the airlines are expected to continue to push for lower fares. The dispute is expected to continue for some time.

Little hope of early agreement on higher IMF quotas

By David Blake

Prospects for early agreement on a substantial new increase in the quotas of countries belonging to the International Monetary Fund have now dimmed considerably. It looks as if the next meeting of the Fund's Interim Committee in Mexico City in March will fail to reach agreement on the size of any new increase needed to boost the IMF's ability to lend to member countries. Attention is focusing on hopes that agreement may be reached on the principles to be adopted in sharing out quotas, but a decision on the size to be taken later. Officials of the Fund have been pressing for a sharp increase in quotas, possibly by as much as 75 to 100 per cent to replenish the Fund's liquidity. Quotas determine not only voting rights, but also how much a country can borrow and how much it is required to put into the Fund. A previously agreed increase in quotas is still stalled in the national ratification procedure of a number of countries. Failure to carry through the last increase has left the Fund short of cash. Its problems have worsened by the failure of the United States Administration to approve its promise to get approval for the \$10,000m (about £5,263m) "Witteveen Facility", which combines funds from industrial nations and oil-rich surplus countries such as Saudi Arabia. Optimistic estimates say that the earliest time by which Congress can be expected to ratify American participation in the

facility is June or July, and sceptics are doubtful whether anything can be done until the autumn. United States officials are thought not to want to push the Facility on Congress until that body has ratified America's contribution to the quota increase already agreed. Without the money from the Facility and in the absence of concrete progress to implement the last quota review, the IMF is severely embarrassed at the moment. Britain recently gave it some help by repaying \$830m it had borrowed in 1976. It is unlikely to be enough, however, and there may be some consideration in Mexico to the idea of finding some temporary way of easing the Fund's problems. But this would not nothing to solve the longer-term issues and there seems to have been

some hardening of attitude among the countries who would be expected to put up the money. They are doubtful whether the Fund really needs such a large increase as it is demanding, and whether they ought to be asked to allow a strategic increase in the quotas in which each quota increases equally. Countries such as Japan and Germany argue that they should now have a bigger say in the Fund. One difficult question which may emerge is whether Saudi Arabia will join the board of executive directors which runs the Fund between meetings. If the Witteveen Facility were set up and money lent from it, it is probable that Saudi Arabia could set up a board under a complex rule governing membership.

Esso and Shell in Argentine exploration bids

Esso and Shell are expected to be among companies placing bids tomorrow for contracts to explore the southern basin of Argentina or near Tierra del Fuego. The Argentine government said yesterday that eight oil companies had already paid \$50,000 for contractual specifications and geological studies from Argentina's state-owned oil company Yacimientos Petroliferos Fiscales. The winner of the exploration rights will be announced within a month. Mr. Raúl Ondarri, president of YPF, said one company might be chosen to handle the entire 20,000 square kilometres, or two companies contracted to share it. Work on the project is expected to include nine years' exploration and 20 years' production. In 1976 Tierra del Fuego produced 1,078,300 cubic metres of light crude oil and during the first six months of 1977 762,700 cubic metres.

Shipbuilders pin hopes on container boom

By Our Industrial Correspondent

Construction of container ships and roll-on/roll-off vessels will be the brightest spot for the world's hard-pressed shipbuilding industry over the next decade, according to a study published today. Although over the period of 1985, trade in dry cargo vessels is expected to grow at about 3 per cent a year—compared with 6.7 per cent in the past fifteen years, largely as a result of Japanese industrial growth—the survey said that there will be a large replacement demand in the dry cargo sector. Dry Cargo Ship Demand to 1985, Maritime Transport Research, £150.

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January, 1978

Kuwait support for Opec switch from the dollar
Kuwait, Jan 15.—Kuwait will support any move to abandon the United States dollar as a basis for world oil prices to protect its income from the continuing decline of the American currency, Dr. Mohamed Nussair, assistant under-secretary at the oil ministry, said at the weekend.

Last Wednesday the Saudi Government said Riyadh might press for a switch from the United States dollar in favour of a basket of currencies at the next meeting of the Organization of Petroleum Exporting Countries in June.

Energy talks: Yesterday, Mr. James Schlesinger, American Secretary for Energy, discussed cooperation in the use of solar energy with the Saudi oil minister, Shaikh Ahmed Zaki Yamani, well-informed sources said at the weekend.

—Reuters, Agence France-Presse.

Italy's cooperatives plan three years of expansion
From John Earle
Rome, Jan 15
Italy's left-wing League of Cooperatives in its congress ending at the weekend has endorsed a policy of expansion over the next three years, despite the evidence of stagnation in the economy and the threat of an internal leadership crisis.

The league, grouping three million members in 11,000 co-operatives which account for an annual turnover totalling about £2,500m, approved for the first time a three-year development programme entailing capital investment of 1,224,000m lire (nearly £1,300m).

Half of this will be spent on housing, while other sums will go to agriculture, industry, distribution and retailing services, fishing, etc.

Though cooperatives have not been immune from the difficulties that have overwhelmed numerous private and public sector companies, the movement's leaders stress the commitment to expansion as a sign of its resilience and resistance in a time of crisis.

A leadership confrontation has been averted for the time being with the confirmation of Signor Valdo Magnani as president. Aged 65, Signor Magnani was a precursor of Eurocommunism when he left the Italian Communist Party—later to be readmitted—over the Cominform's expulsion of the Yugoslav party in 1948.

He took the place last month of Signor Vincenzo Galanti, who had to resign in a controversy over negotiations to buy into a privately-owned steel stockholder, Duxina.

The only dissatisfied party are the Republicans, who want to see a second vice-president to replace their 10 per cent of the league's membership.

On other pages

Appointments vacant	10
Business appointments	18
Financial Editor	17
Letters	16
Management	20
Bank Base Rates Table	16
Annual Statements:	
John Carr	16
Kelsey Industries	16
Samuel Osborn	16
International Statement:	
Espresso	16
Prospectus:	
E. Fogarty	16

Kelsey Industries Limited

Statistics from the Report of the Chairman, Mr. J. G. Moss, and the accounts for the 12 months to 30 September, 1977.

	1976/77	1975/76
Turnover	18,862,452	12,150,991
Direct Exports	6,150,196	3,991,894
Profit before tax	1,989,537	1,653,957
Profit after tax	960,356	775,883
Ordinary Dividends	124,214 (12.939%)	111,216 (11.585%)
Earnings per share	21.0p	16.2p
Retained trading profits	812,758	664,667
Depreciation	215,266	228,608
Net assets	5,242,671	4,413,070

BY THE FINANCIAL EDITOR

Why Wall Street is still on its back

Wall Street is presently behaving in a remarkably similar fashion to the London stock market 15 months ago. Like London then, United States investors are shell-shocked by what has been happening to their currency. They are heartened at the new willingness of the authorities to intervene to stabilize the dollar but do not think for a moment it can do anything more than provide a breathing space.

Investors are far from reassured at the signs that the Federal Reserve Board is attempting to stem the outflows by raising interest rates. The increase in the discount and prime rates a week ago is widely expected to be followed by further increases, but there is no more conviction that higher rates will solve the underlying economic problems in the United States now than there was in Britain in 1976.

On the contrary it is feared that higher rates may choke off what would otherwise be a continuing healthy rate of expansion during 1978. And while that may be no bad thing for fixed interest markets, the prospect of a developed world's only vigorous economy running prematurely out of steam, thereby deepening the prospects of a full-blown global recession, cannot be helpful for equities.

There may now be scope for a technical recovery, but markets cannot expect any underlying revival until they get a convincing signal that the Administration is tackling the root of the problem, namely the persisting balance-of-payments deficit.

Energy consumption is only part of the problem. At its present rate of growth the United States is bound to sink in more imports. But just as British markets are focused on the issue of government expenditure, so American markets are now looking for action on energy restraint as the psychological measure which might restore confidence. The State of the Union message on Thursday and the subsequent unveiling of the Administration's economic programme for 1978 will be eagerly awaited for a sign.

Companies Living with a strong currency

Conventional wisdom suggests that the effects on companies of the rise in sterling will be a mirror image of what happened when the currency fell so sharply in the last quarter of 1976. Obviously, there is one truth in this. Export margins will now be squeezed where once they should have widened. The translation of profits and assets into sterling will have an adverse rather than a favourable effect, and imports will increase in price rather than cheapen.

However, it is already apparent that the effects are not as simple as this. The first of most obvious reasons is that whereas, in 1976, the pound fell in absolute terms, it has now seen more complex terms relative to the major currencies. For example, at June 30 the pound was worth \$1.17197 against \$1.179 at the end of year, an 11.5 per cent change. But the effective rate against the currency basket, a large portion of which has been changed by 6.4 per cent.

For a company like BSR which sells 70 per cent of its record changes to the United States this is no comfort. But companies with a greater international spread will find the net trading effect reduced. For instance, a company which exports tobacco leaf, which largely comes from the United States, even though the net effect will be marginally adverse, but even a large international spread will little help to the companies whose products can be bought elsewhere in the international market. ICI has already signalled concern in this context; chemicals that traded almost as commodities and to which are proving difficult and ICI can simply switch to sterling invoicing as still represents a real price rise and consequent loss of competitiveness.

However, English China Clays showed last week that even sterling invoicing is not all answer. Since foreign customers are being forced to resist price rises and to accept the margins of companies like

Rio Tinto-Zinc the complexities are that much greater. Copper, for example, is priced in sterling on the London Metal Exchange so overseas copper subsidiaries will increase profits in local currency though this will be offset by the adverse effects of translation into sterling.

And for companies in general the balance sheet effects are likely to be less serious than some have thought. The rise in sterling reduces overseas assets but also cuts liabilities. Since assets usually exceed liabilities, this will result in a slight increase in gearing, although obviously in cases where the reverse is true the effect will be beneficial.

However, trading results will show the major effect; estimates now suggest that export profits could fall by 30 to 40 per cent as a result of the change in sterling's fortunes. With 40 per cent of company sales overseas and 15 per cent in exports this will inevitably mean a fall in the average pretax profit margin of 7 per cent.

Property Now the climate has changed

An initial yield of 5.55 per cent on the sale of Antony Gibbs' office development at 22 Bishopsgate, London, at £16 per sq ft rental should, if one agrees the net usable space figure, reinforce the mood of optimism prevailing in the property sector.

The fundamentals appear to support such confidence. Interest rates seem to be stabilizing; the threat of legislative interference is diminishing, while estate agents are quoting yields of around 5 per cent where premises fit the strict definition of prime modern, single tenanted, well-covenanted, air-conditioned properties at a maximum value of £5m. Rents on such premises are forecast to rise from around £14 per sq ft (£17.50 per sq ft reported at Angel Court is probably exceptional at the moment) and about £12 per sq ft in the West End. Equally important short-term is an almost indiscriminate institutional enthusiasm for the sector.

But it should be remembered that much of this cash is directed toward property in the absence of alternative industrial investment opportunities. At least one major institution has privately declared itself a net seller of property shares and has resisted the opportunity to job very profitably in one of the sector majors.

Discounts on asset value which should reflect capital gains tax liability have fallen to between 15-20 per cent in many instances and share prices must now wait for values to catch up.

Given the paucity of new development and the contraction of existing available space, values should extend their upward run but there must be serious doubts as to whether this will be of significant benefit to many quoted developers. Prime sites sold this year should command some decent prices yet it would be folly to draw a line through the rents and resultant yields solely because much of the prime content has been swept out of portfolios in the cause of balance sheet resuscitation.

Town & City is a case in point. To cut end-March 1977, gearing to 79 per cent—in contrast to 47 per cent at Messelmore Estates which has a far smaller proportion of short-term debt—the group has sold heavily and since aggregate disposals throughout the slump, mostly matched book values, much of the debt has gone as prime property.

Similarly, British Land (61 per cent borrowed after the re-financing package) sold at about book values throughout the lean times yet, whereas Town & City's portfolio is sufficiently complex as to thwart an attempt at revaluation over 34p per share, British Land could enjoy a significant appreciation over book assets of 71p per share provided it can manage its £10m cash deficit without recourse to disposals.

Yet most shares are more than reflecting the notional rise in prime values of the last year and, although available evidence supports the case for a cautious return to development (mostly in partnership with institutions), the sector will be overblown if attention remains focused on increasingly rare prime site transactions and buyers ignore long-reversionary, perhaps multi-tenanted properties.

Everyone agrees in principle that the benefits of North Sea oil must not be "frittered away". But the debate within the Government and without on how the revenues should be used is curiously incoherent.

Much centres on whether there should be an identifiable, and separately accounted fund into which all or some of North Sea revenues are put and from which disbursements are made for specific purposes.

The traditional Treasury view is one of horror at the suggestion. For it is so irrational. It offends against the well-established and well-founded doctrine that what is known as "hypothecation" of revenue is almost bound to produce silly results.

The doctrine holds that there is no reason why one particular kind of expenditure should be tied to one source of revenue. In a rational world patterns and levels of expenditure should be established as a rational political choice between competing priorities. In the same world, all revenue from whatever source in fact goes into the same man.

By this argument, it would be about

as sensible to tie a particular programme of spending to the forthcoming revenue from the North Sea as it would be to allow the level of spending on roads to be decided by how much went into the road fund from vehicle licences.

In this rational world the government ought to have overall policies for the economy, including the desired level of total public spending, and the proposed total level of taxation. Within that policy the Government would have more detailed policies giving expression to its social and industrial priorities and to its political and social prejudices on taxation.

The temporary godsend of North Sea revenue will represent no change from that basic framework. It will simply mean that the Government will need less cash for a given level of spending, or can afford a higher level of spending for a given level of other taxes, or some combination of these two.

There would seem, therefore, to be no economic case for having a special North Sea fund. This conclusion, coupled with the fact that it is being

proposed by Mr Benn, is enough to confirm many in their support of the traditional Treasury view. And yet, in this attitude entirely right?

Obviously, anyone who argues for a special fund is required to show that actual results would be different and better. On spending, for example, would a North Sea fund be added to what would otherwise have been the total of spending for that year, or would it just be a politically attractive way of presenting what would have happened anyway?

If private or public spending programmes under a North Sea fund are claimed to be useful of commercially viable, what is wrong with them that they were not funded under existing arrangements? If, on the contrary, a fund were used to finance schemes previously rejected as unviable, is that not just a waste of this godsend?

Against this proper scepticism, however, stand one psychological and one practical argument. Psychologically, when a person comes by an unexpected sum of money, there is a need to put it into a special account for special purposes otherwise, it just

seems to disappear to meet the grocery bills. At the national level, this strong feeling against frittering away North Sea oil argues for the same political and psychological considerations.

At a practical level, there is a perennial bias in public expenditure against capital and for current spending. In deciding programmes it is current demand that are the most important.

In making cuts, the capital element is always shelved with the least difficulty. Despite rising overall totals, last week's White Paper on public expenditure shows a continual fall in the actual and forecast volume of capital formation for the decade to 1982.

By its nature, a North Sea fund would attract capital projects. To the extent, rationally or otherwise, that such a fund swung the balance back to capital spending, it would be a good thing. The trick would be to find a filter for projects in the public and private sector that lack finance.

Cutbacks that are certain to please British Steel's foreign competitors

Tony Greenfield here warns against the dangers of the British Steel Corporation's neglect of fundamental research. Tomorrow we shall publish an interview with William Sims, general secretary of the largest steel trade union and chairman of the TUC's steel committee by Paul Routledge, Labour Editor

profitability of the industry. The industry should also be clear: identify the needs; provide the resources to meet those needs; organize the resources to match the needs; and motivate the resources to be as effective as possible.

Readers should be aware of the distinction between divisional and corporate research. The former provides mainly "works" support to keep plant running, whereas the latter is concerned largely with innovation and development of new products and processes.

If there is a single R and D budget for both activities, the more money is put back into research, the more the British Steel Corporation is likely to prosper.

In the British Steel Corporation there is a further distinction between laboratories concerned with primary processing, such as iron and steel making at Grangeon, Teesside, and those laboratories dealing with secondary processing, like rolling and forming, which is more varied in nature (such as at Hoyle Street, Sheffield).

Manning figures show that the more funds the R and D is from the works, the greater the "cutback" in support. At Hoyle Street, support has fallen by over 50 per cent in the past three years. This would lead to a sick industry if it were well.

Unless this policy is reversed, the British steel industry will die at the feet of its foreign competitors many of whom are believed to be increasing their investment in R and D in order to recover from the trading depression.

During the last two years there has been a 27 per cent cut in the manpower engaged on R and D in product technology from a strength of 205 in 1975 to 149 now. Considerable work has been cut out of projects which have been cut or dropped but which could be shown to have been paying off.

Management's policy should be clear: to increase the contribution of R and D to the

industry. Their argument is that exploratory scientific and market research ideas from which selection of ideas to develop the majority. They described three stages of selection from the continuous flow of ideas to successful commercial exploitation.

Their filtering stages and their mean durations are: selection, two years; further examination, three years; development, four years.

The model compares well with the documented records of the companies that now constitute ICI and their forebears. It shows clearly that for an industrial concern of that size, which is comparable to the British Steel Corporation, there must be an average of ten ideas generated every year, of which only 6.4 per cent will survive the filters for commercial exploitation.

Examination of the chemical industry's developments shows that without the rate of innovation the industry as it is today would not exist. Thus, in the chemical industry, the financial support for R and D must fully account for an expected death of 93.6 per cent of innovative ideas; it must account for a mean development span of nine years (perhaps even twice that in the steel industry); and it must be secured against the caprices of trade cycles.

The directors of ICI clearly still support corporate research as well as divisional. They must believe the future is worthy of investment. ICI's explicit model helps to understand what must be done.

Corporate research should be re-established within BSC, with the support of suppliers of raw materials, makers of equipment, steel-using customers, other British steelmakers, the universities and polytechnics, the British government, and the ECSC.

The R and D organization should have strong links with operational research and market research with a view to generating ideas that are market oriented, accelerating their commercial applications, and making the best use of raw materials and other resources.

A first step would be to designate a single laboratory as the nucleus of operational research. It should also have within it a technical public relations section whose task would be to sell the products of R and D to the manufacturing divisions, to other British producers, and to the marketing end of the business, and to feed back all responses.

At the same time, the innovative and long-term research into primary processes, or Grangeon and secondary processes at Hoyle Street should be brought back into a single corporate management structure independent of divisional R and D.

Despite the financial independence, the new corporate laboratories should be able to respond quickly and effectively

to immediate industrial crises like the present one. Without destroying long-term research, as the present management are doing, we should temporarily form the best answers into task forces to produce answers where and when they are needed.

In some ways this is a return to the concept of the British Iron and Steel Research Association (BISRA) which was established in 1945 in the spirit of long-term industrial cooperation for the national good, but has since been abandoned by the British Steel Corporation.

BISRA was concerned with background and innovative research of common interest. It was financed jointly by the British Iron and Steel Federation and the Board of Trade (and later the Department of Scientific and Industrial Research) and this protected activities from transient industrial crises. The committee structure ensured the dedicated cooperation of all member companies and provided reporting media that could feed back guidance and needs.

The industrial record speaks for the success of BISRA: there are now in the industry many products, processes, and measurement and test techniques, that were conceived and developed in BISRA.

My suggestion is not however simply an appeal for an uncommitted return to the past. It is also a call for a reversal of management attitudes, for more humanity and more open discussion of activities.

The present homage to secrecy is a disease that is killing scientific cooperation and progress. Every possible device should be used to stimulate creativity. Goodwill, loyalty, trust, enthusiasm and incentives should replace today's bywords: depression and demotivation.

In the steel industry we still have an ability to make money if allowed to do so, and to work hard to that end, and, despite recent events, there is a long history of good relations and good management. These are qualities that must be re-discovered and applied for the national benefit.

The author is Manager, Process Computing and Statistics, British Steel Corporation Laboratories, Sheffield. He writes in his personal capacity.

Business Diary in Europe: An all-consuming interest in a job

European union of co-ordinations (BEUC) is shed to the point of at the number of applicants that their Brussels have been receiving for the post of director, vacant, the departure of Edoardo, to predictions, said that the job would and one to fill, more than applications have been received.

have come from as far as Buenos Aires and in large number of expertise (though not necessarily) executives accustomed to consumer relations.

Dr. Hirschman was so keen presented himself at the without an appointment in his own case. Of member nationalities only have thus far failed any applications.

is a snag though. It has belatedly occurred that this unexpected fact that the advertise for the position kept a silence about salary.

of the Austrian central bank, will also be retiring on January 31. Both men are in their seventies, but whereas Burns wanted to stay as chairman of the Federal Reserve Board, Kloss had no ambitions to extend his five-year term of office.

Instead he plans to go back to university in Vienna to study maths and physics—the course he would have liked to have studied 54 years ago.

Kloss will be succeeded at the central bank by Professor Stephan Krenn, who is, at present, chairman of the parliamentary group of the opposition People's Party and a former finance minister.

Krenn, who is 58, was nominated by Austria's Chancellor Bruno Kreisky, but his political leanings and personal stature suggest that he will be an independent central bank president.

With the French election campaign beginning to warm up, both the President and Prime Minister have seen fit to get away from it all with working visits to distant lands.

The President spent last week on the Ivory Coast, the former French colony which is now the shining example of stable government and neo-colonialism.

France contributes a third of all the coast's financial aid, 40 per cent of the industry and 50 per cent of the commerce and the population of French nationals is at 50,000, four times higher than it was at independence.

France exports more than it does to Japan or Canada.

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Record Sales and Profits

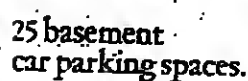
SALIENT FIGURES	1977 £'000	1976 £'000
Sales	37,971	33,946
Profit before Taxation	3,400	2,345
Earnings per share	13.9p	9.6p
Ordinary dividends per share	3.574p	3.200p

UK contribution to trading profit up from 16% to 48%
 Dividend raised to maximum allowed by Treasury

"With the upheavals of the reorganisation during the last few years successfully behind us, your company has proved its ability this year to weather a severe recession profitably with the hope of much greater prosperity as an independent group, in the years ahead."

B.E. Cottrell, Chairman.

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FINANCIAL NEWS AND MARKET REPORTS

Franchising may be adopted by Halfords

By Patricia Tisdale

Halfords, the cycle, motor accessory and leisure goods retail subsidiary of Burmah Oil is considering using franchises to expand its business outside Great Britain.

The company which has over 360 company owned and two stores and a turnover in excess of £50m has already started two franchises in Northern Ireland. It is at present looking for more in the Channel Islands and the Isle of Man.

According to Mr Melville Johnston, Halfords' chief executive, the company may be able to use the franchise principle to an expansion programme on the Continent. Halfords' first venture abroad was in 1973 when it opened a chain of four cycle and moped shops in the suburbs of Amsterdam.

The Dutch chain has now been expanded to 12 and a further five shops are to be opened this year. The shops are served by a warehouse and head office which was opened last August at Venendaal.

The company hopes to extend its company owned and operated stores there to at least 20 before applying franchise principles to Holland. It is estimated that the new warehouse facilities can cope with at least that number without extension.

Halfords is considering the possibilities of franchising, giving a better service to customers than is currently offered by employees. Two years ago, the company collectively switched back from an entirely self-service structure in its stores to giving customers advice and assistance. Since then it has been extending its services to include training for its store personnel.

Trading as an autonomous unit from its parent group, Halfords increased its turnover from over £30m in 1975 to almost £37m the following year. Its trading profit rose during the same period from approximately £3m to £3.9m.

Wacoal's 10 pc slip

Wacoal, Japan's leading maker of high-grade women's underwear and foundation garments, said that its operating profit for the half-year to February 28 will be down 10 per cent to about £400m (about £9.8m) from the similar period last year of about £500m. Wacoal also forecast net profit for the half-year at about £250m on sales of about £3,000m, compared with £260m on sales of about £3,000m, a year ago. The expected fall in operating, or current pre-tax profit, for the current half-year is attributed partly to inventory adjustment and sluggishness of the domestic market.

Bank Base Rates

ABN Bank	6 1/2%
Barclays Bank	6 1/2%
Consolidated Credit First London Secs	6 1/2%
C. Hoare & Co	6 1/2%
Lloyds Bank	6 1/2%
London Mercantile	6 1/2%
Midland Bank	6 1/2%
Nac Westminster	6 1/2%
Rossminster Acc's	6 1/2%
Shenley Trust	6 1/2%
TSB	6 1/2%
Williams and Glyn's	6 1/2%

* 7 day deposits on sums of £10,000 and under 6% up to £25,000 4 1/2% over

M. J. H. Nightingale & Co. Ltd.

The Over-the-Counter Market

Capitalisation Company Price Change (1 day) Gross Dividend Yld % P/E

1,950 Airsprung Ord	39	-	4.2	10.8	7.3
350 Airsprung 181% CULS	140	-	18.4	13.2	-
900 Armittage & Rhodes	36	-	3.3	9.2	15.3
4338 Bardon Hill	142	-	12.0	8.5	9.8
2,685 Debonair Ord	101	-	1.1	5.2	8.0
121 Debonair 171% CULS	211	-	17.5	8.0	-
20,225 Frederick Parker	140	-	11.5	8.0	6.9
1,150 Jackson Group	46	+1	5.0	10.9	5.4
15,438 James Burroughs	112	-	6.0	5.4	10.3
3,364 Robert Jenkins	320	+5	27.0	8.4	5.4
3,419 Twinklark Ord	15	-	1.1	-	-
2,047 Twinklark 12% ULS	75	-	12.0	16.0	-
3,221 Uniflow Holdings	74	+1	7.0	9.5	9.2
5,305 Walter Alexander	84	+1	6.4	7.6	6.2

JOHN CARR (DONCASTER) LIMITED JOINERY MANUFACTURERS

Extracts from the accounts for the year ended 30th September, 1977

	1977 £000's	1976 £000's
Sales to Customers (excluding VAT)	16,114	13,233
Earnings before Taxation	2,523	2,021
Taxation	1,096	994
Profits after Taxation	1,427	1,027
Earnings	12.94	9.31
Ordinary Dividends	1.83	1.639

- ★ Another record year in spite of reduced housing starts.
- ★ First year's exports £775,000.
- ★ Following revaluation of Land & Buildings net assets per share now 96p.
- ★ Greatly increased capital investment planned for 1977/8.
- ★ Satisfactory start to current year.

General rise seen in raw material prices over the long term

Commodity prices are in general more likely to rise, relative to world prices of manufactures, than they are to fall.

This is the main conclusion in an Economist Intelligence Unit special report, *Raw Material Prices in the 1980's*, by Anthony Edwards. Of 11 commodities considered specifically, it appears that the points covered in the analysis imply roughly stable long-term prices between now and 1990 for only iron ore, bauxite and wool.

For all the others it is implied that long-term prices will rise in the period. Such rises appear likely to be fairly modest for most; bauxite and aluminium (increases only implied in later years); copper (but political disturbances could bring a sharper increase); lead and zinc (increases only implied in later years); cotton and rubber. But for tropical timber a sharper rise in long-term prices is indicated between now and 1990 while the analysis suggests that tin prices should rise fastest of all during the period.

However, largely due to the impact of developing country manufacturing industries, says the report, it appears unlikely that higher raw material prices will be directly reflected by equivalent increases in the prices of manufactures based on them.

Margins throughout the process from the raw material stage to the final consumer product stage will be squeezed still further than in recent years.

This is likely to be most severe for cotton textiles; clothing and allied products; woolen textiles; clothing, carpets, etc.; leather and leather products, including shoes.

But it may also apply to a range of other products where a specific raw material is used in developing countries, comprising a large part of final product cost, eg motor car tyres, plywood and possibly even standard steel, aluminium or copper products.

The report cites four reasons for such general raw material price rises:

1. Increasing costs of raw material extraction for several commodities (eg aluminium, lead, tin, zinc and tropical hardwood), and timber are probably most affected. In all cases this is not because the world is anywhere near the end of exploitable resources, but because unexploited resources are generally in remote areas or involve more expensive technologies to exploit.
2. New commodity agreements are likely in the long run, and often initially too, to lead to somewhat higher prices. This will be the case, copper, tin, hard fibres, jute, cotton and natural rubber are most likely to be affected (as "core" commodities in the United Nations Conference on Trade and Development scheme), while aluminium is not.

Commodities

minium, iron ore, manganese, phosphates and tropical hardwood are also candidates for agreements.

3. In default of new agreements an effective bauxite cartel is a distinct possibility, as is one for phosphates, while a cartel would also be possible for tin (but the supply-demand situation implies higher prices anyway). These could all bring far higher prices. Remote cartel possibilities include copper (likely to be effective in the short term only), iron ore (medium term only) and rubber (but only modest price increases could be imposed).

4. In a few instances notably cotton and tropical hardwood in log form, but possibly also hides and leather, the growth of local processing industries in developing countries is likely to reduce availability for processing in Western industrial and socialist countries, and also certain developing countries like Hongkong, Taiwan and South Korea. This will tend to push

up the prices of the unprocessed commodity concerned, though such increases must obviously be modest.

The report says that already the pattern of trade of developing countries has shifted appreciably. Their once substantial imports of basic industrial products, based largely or wholly on raw materials themselves produce, have been largely eliminated.

Exports of commodities in unprocessed form have become relatively less important, while their exports of manufactures, only 14.6 per cent of their total exports in 1960, had risen to 24.4 per cent by 1970 and considerably more today, in spite of the influence of higher oil prices.

This has been mainly because of the rapid rise in exports of manufactures from Far Eastern countries, nearly all of which have gone to Western industrial nations. Trade between developing countries in manufactures is still on only a very minor scale in spite of the efforts put into setting up regional trading blocs.

A major reason for this change, says the report, which in spite of the impact of global recession appears to be accelerating, is that the industrial strategies of most developing countries no longer put such stress on import substitution.

Some countries have policies to eliminate altogether the export of certain raw materials (cotton, for instance, or hides) in unprocessed form. The long-established trend is to move further and further "downstream", toward the final product stage, from cotton, to yarns, to grey cloth, to finished cloth, and finally to made-up articles of clothing.

The report says that in copper, tin, lead and zinc there is only limited scope for developing countries to build up manufacturing industries based on them.

Wallace Jackson
Commodities Editor

Issue prices take a plunge in active secondary market

Disappointment over the United States Federal Reserve's handling of the dollar on the foreign exchange market and a surprise boost in United States interest rates sent Euro-dollar bond prices reeling last week in active trading in the secondary market, writes AP.

Itters about the dollar were the main cause of a shake-out of the market during the first four days of last week. Prices were slashed dramatically, ranging from 12 to 22 points from the previous week. One dealer described the sell-off as a "landslide". Conditions were at times said to be chaotic.

The United States Federal Reserve's decision to raise the discount rate to 6.5 per cent from 6 per cent designed to signal its intention to defend the dollar and the Eurobond market by surprise, dealers said.

Further pressure was put on Euro-dollar bond prices last week when the Central Bank followed up its action in its open market operations by buying \$1 billion of Treasury bills at a target rate for Fed funds up to at least 6.75 per cent from 6.5 per cent. Euro-dollar deposit interest rates responded by rising by 1 to 2 points to their highest levels since late 1975.

Only on Friday, after the New York Federal Reserve Bank "flexed its muscle" on the foreign exchange market, did the Eurobond market regain a semblance of order, dealers reported. The outlook, they generally said, remained uncertain due to the dollar's volatility.

However, some analysts said the possibility of a technical rally soon should not be ruled out. Indeed, a large amount of money is available from last week's sell-off, heavy monthly cash flow from Eurobond interest and sinking fund payments, and from maturing issues in January and February. A lot of this money is being held in short-term liquid instruments and could supply ammunition for a technical rebound, dealers said.

Looming large is the spectre of higher United States interest rates. "Strengthening of the dollar will bring investment back into it. But we are

going to get higher interest rates", one trader predicted.

Mr. Carter, the United States President, in Washington on Thursday, implicitly acknowledged that higher United States interest rates needed to defend the dollar could brake economic growth.

"I want lower interest rates", Mr. Carter said. "We want on a non-urgent basis a problem in stabilizing the value of the dollar" on the one hand

Euromarkets

and of "preventing excessive inflation" and still having interest rates low enough to encourage business investment on the other.

Some observers said the President's remarks as showing a shift in the White House's attitude towards the use of interest rate mechanisms to stabilize the dollar's exchange rate. Last May, the White House criticized the Federal Reserve Board for unnecessarily boosting United States interest rates to stem explosive money supply growth and help steady the dollar. President Carter is now pressing Congress to take action to encourage a reduction in interest rates, analysts said.

New devaluation by Jamaica

Kingston, Jan 15.—Jamaica has again devalued its currency against the United States dollar. The Jamaican dollar has been devalued 5.5 per cent against the dollar on the special rate, and 15.5 per cent on the basic rate, thus bringing the two rates closer together at 1.35 Jamaican dollars to one United States dollar, and 1.05 Jamaican dollars to one American dollar respectively. This is the third devaluation in the current fiscal year.

Jamaica established a two-tier system of exchange on April, 1977. The basic rate is of United States imports and consumer goods, government and mining transactions.—AP.

Eurobond prices (yields and premiums)

US STRAIGHTS	Price	Yield	Premium
100% 1980	100.00	10.00	0.00
100% 1981	100.00	10.00	0.00
100% 1982	100.00	10.00	0.00
100% 1983	100.00	10.00	0.00
100% 1984	100.00	10.00	0.00
100% 1985	100.00	10.00	0.00
100% 1986	100.00	10.00	0.00
100% 1987	100.00	10.00	0.00
100% 1988	100.00	10.00	0.00
100% 1989	100.00	10.00	0.00
100% 1990	100.00	10.00	0.00
100% 1991	100.00	10.00	0.00
100% 1992	100.00	10.00	0.00
100% 1993	100.00	10.00	0.00
100% 1994	100.00	10.00	0.00
100% 1995	100.00	10.00	0.00
100% 1996	100.00	10.00	0.00
100% 1997	100.00	10.00	0.00
100% 1998	100.00	10.00	0.00
100% 1999	100.00	10.00	0.00
100% 2000	100.00	10.00	0.00

BRITISH COLUMBIA	Price	Yield	Premium
100% 1980	100.00	10.00	0.00
100% 1981	100.00	10.00	0.00
100% 1982	100.00	10.00	0.00
100% 1983	100.00	10.00	0.00
100% 1984	100.00	10.00	0.00
100% 1985	100.00	10.00	0.00
100% 1986	100.00	10.00	0.00
100% 1987	100.00	10.00	0.00
100% 1988	100.00	10.00	0.00
100% 1989	100.00	10.00	0.00
100% 1990	100.00	10.00	0.00
100% 1991	100.00	10.00	0.00
100% 1992	100.00	10.00	0.00
100% 1993	100.00	10.00	0.00
100% 1994	100.00	10.00	0.00
100% 1995	100.00	10.00	0.00
100% 1996	100.00	10.00	0.00
100% 1997	100.00	10.00	0.00
100% 1998	100.00	10.00	0.00
100% 1999	100.00	10.00	0.00
100% 2000	100.00	10.00	0.00

Unit Trust Prices—change on the week FT Index change on week \$80.9-16.4 (3.3%)

Unit Trust	Price	Change	Unit Trust	Price	Change
100% 1980	100.00	0.00	100% 1980	100.00	0.00
100% 1981	100.00	0.00	100% 1981	100.00	0.00
100% 1982	100.00	0.00	100% 1982	100.00	0.00
100% 1983	100.00	0.00	100% 1983	100.00	0.00
100% 1984	100.00	0.00	100% 1984	100.00	0.00
100% 1985	100.00	0.00	100% 1985	100.00	0.00
100% 1986	100.00	0.00	100% 1986	100.00	0.00
100% 1987	100.00	0.00	100% 1987	100.00	0.00
100% 1988	100.00	0.00	100% 1988	100.00	0.00
100% 1989	100.00	0.00	100% 1989	100.00	0.00
100% 1990	100.00	0.00	100% 1990	100.00	0.00
100% 1991	100.00	0.00	100% 1991	100.00	0.00
100% 1992	100.00	0.00	100% 1992	100.00	0.00
100% 1993	100.00	0.00	100% 1993	100.00	0.00
100% 1994	100.00	0.00	100% 1994	100.00	0.00
100% 1995	100.00	0.00	100% 1995	100.00	0.00
100% 1996	100.00	0.00	100% 1996	100.00	0.00
100% 1997	100.00	0.00	100% 1997	100.00	0.00
100% 1998	100.00	0.00	100% 1998	100.00	0.00
100% 1999	100.00	0.00	100% 1999	100.00	0.00
100% 2000	100.00	0.00	100% 2000	100.00	0.00

ACCOUNT DAYS: Dealings Begin, Today. Dealings End, Jan 27. \$ Contango Day, Jan 30. Settlement Day, Feb 7
 \$ Forward bargains are permitted on two previous days
 (Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]

